Part	sub/obj	Marks	Question	Answer Option 1	Answer Option 2	Answer Option 3	Answer Option 4	Correct Answer(A/B/C/D)	CO (any one)	Bloom's Taxonomy Level (any One most relevent only)
A	obj	1	If the price of a candy bar is $1 and the price of a fast food meal is $5	the money price of a fast food meal is 1/5 of a candy bar	the money price of a candy bar is 1/5 of a fast food meal	the relative price of a fast food meal is 5 candy bars	the relative price of a candy bar is 5 fast food meals	C	CO2	L4
A	obj	1	Wants, as opposed to demands,	depend on the price.	are the goods the consumer plans to acquire	are the unlimited desires of the consumer	are the goods the consumer has acquired	C	CO2	L4
A	obj	1	The quantity demanded is	the amount of a good that consumers plan to purchase at a particular price	independent of the price of the good	independent of consumers' buying plans.	always equal to the equilibrium quantity	A	CO2	L4
A	obj	1	The demand for a good increases when the price of a substitute ________ and also increases when the price of a complement ________	falls; falls	rises; falls	rises; rises	falls; rises	B	CO2	L4
A	obj	1	Suppose people buy more of good 1 when the price of good 2 falls. These goods are	substitutes	inferior	normal	complements	D	CO2	L4
A	obj	1	People come to expect that the price of a gallon of gasoline will rise next week. As a result,	next week's supply of gasoline decreases.	the price of a gallon of gasoline falls today.	today's supply of gasoline increases	today's demand for gasoline increases	D	CO2	L4
A	obj	1	The demand curve for a normal good shifts leftward if income ________ or the expected future price ________.	decreases; falls	increases; rises	increases; falls	decreases; rises	A	CO2	L4
A	obj	1	If income increases or the price of a complement falls,	the supply curve of a normal good shifts leftward	the supply curve of a normal good shifts rightward	the demand curve for a normal good shifts rightward	the demand curve for a normal good shifts leftward	C	CO2	L4
A	obj	1	Normal goods are those for which demand decreases as	the price of a substitute falls	the price of a complement falls	the good's own price rises	income decreases.	D	CO2	L4
A	obj	1	In broad terms the difference between microeconomics and macroeconomics is that	microeconomics studies the effects of government taxes on the national unemployment rate.	macroeconomics studies the effects of government regulation and taxes on the price of individual goods and services whereas microeconomics does not	they use different sets of tools and ideas.	microeconomics studies decisions of individual people and firms and macroeconomics studies the entire national economy	D	CO1	L3
A	obj	1	When the government chooses to use resources to build a dam,these sources are no longer available to build a highway. This choice illustrates the concept of	a market mechanism.	a fallacy of composition	opportunity cost	macroeconomics	C	CO1	L3
A	obj	1	Marginal benefit is the benefit	that arises from the secondary effects of an activity	of an activity that exceeds its cost	that arises from an increase in an activity	that your activity provides to someone else.	C	CO1	L3

Part	sub/obj	Marks	Question	Answer Option 1	Answer Option 2	Answer Option 3	Answer Option 4	Correct Answer(A/B/C/D)	CO (any one)	Bloom's Taxonomy Level (any One most relevent only)
A	obj	1	Which of the following topics would be studied in a managerial economics course?	how a tax rate increase will impact total production	comparing inflation rates across countries	how a trade agreement between the United States and Mexico affects both nations unemployment rates	how rent ceilings impact the supply of apartments	D	CO1	L3
A	obj	1	Macroeconomics is the branch of economics that studies	prices of individual goods.	important, as opposed to trivial, issues	the way individual markets work	the economy as a whole	D	CO1	L3
A	obj	1	Which of the following is the best definition of managerial economics? Managerial economics is	a distinct field of economic theory.	a field that applies economic theory and the tools of decision science.	a field that combines economic theory and mathematics.	none of the above.	B	CO1	L3
A	obj	1	Which of the following areas of economic theory is the single most important element of managerial economics?	Mathematical Economics	Econometrics	Macroeconomics	microeconomics	D	CO1	L3
A	obj	1	Which theory describes money received in the current time it has more worth than money received in future	Cash value of money	Time value of money	Storage value of money	Lead value of money	B	CO1	L3
A	obj	1	Opportunity Cost is	the additional benefit of buying an additional unit of a product	The cost which we forego,or give up,when we make a choice or decision	A cost that cannot be avoided,regardless of what is done in the future	The cost incurred in the past before we make a decision about what to do in the future	B	CO1	L3
A	obj	1	On all points of a rectanguar hyperbola, elasticity ofdemand is equal to	Unity	Zero	Infinity	Greater than one	A	CO2	L4
A	obj	1	The elasticity of demand for a product will not be high if	it is considered a necessity by the buyers	it has several uses	more substitutes for the product are available	it is an expensive commodity	A	CO2	L4
A	obj	1	Which of the following will have elastic demand?	Matchbox	NCERT Textbooks	Medicines	Air Conditioners	D	CO2	L4
A	obj	1	In the case of perfectly inelastic demand for a commodity, its quantity demanded	remains the same	increases; rises	decreases	none of these	A	CO2	L4
A	obj	1	As the flatness of the demand curve increases, the elasticity of demand becomes	higher	lower	equal to infinity	equal to zero	A	CO2	L4
A	obj	1	For a commodity, deltaP/P =(-)0.2 and elasticity of demand =(-)0.3, the percentage change in quantity demanded is	6	40	(-)6	10	A	CO2	L4
A	obj	1	Suppose there is a downward sloping straight line demand curve which is 8 cm long touching both the axis.Then, price elasticity of demand at a point 4 cm away on demand curve is	2	1	0.5	Cannot be determined	B	CO2	L4
A	obj	1	When the quantity demanded equals quantity supplied	the government must be intervening in the market	there is a shortage	there is a surplus	none of the above.	B	C02	L4

Part	sub/obj	Marks	Question	Answer Option 1	Answer Option 2	Answer Option 3	Answer Option 4	Correct Answer(A/B/C/D)	CO (any one)	Bloom's Taxonomy Level (any One most relevent only)
A	obj	1	When the price is below the equilibrium price, the quantity demanded	is less than the equilibrium quantity.The quantity supplied exceeds the equilibrium quantity	exceeds the equilibrium quantity.The quantity supplied is less than the equilibrium quantity	exceeds the equilibrium quantity.The quantity supplied also exceed the equilibrium quantity	is less than the equilibrium quantity.The quantity supplied is also less than the equilibrium quantity	D	CO2	L4
A	obj	1	To be effective, a price floor should be	below the equilibrium price	at the equilibrium price	above the equilibrium price	none of the above.	C	CO2	L4
A	obj	1	A rise in the income of the consumer would cause a	downward movement on the demand curve	upward movement on the demand curve	shift of the demand curve to the right	shift of the demand curve to the left	C	CO2	L4
A	obj	1	Which of the following will result in a DECREASE in demand (i.e., a leftward shift of the demand curve)?	An increase in income, if the good is normal	A decrease in the price of a complement to the good	An increase in the price of a substitute for the good	None of the above	B	CO2	L4
A	obj	1	Which of the following is NOT a determinant of the demand for good X?	The income of consumers who buy good X	The cost of labor used to produce good X	The price of good Y, a complement to X	The number of buyers of good X	B	CO2	L4
A	obj	1	Suppose goods X and Y are substitutes. Which of the following is TRUE?	An increase in the price of X will result in a decrease in the equilibrium price of Y	A decrease in the price of X will result in an increase in the equilibrium quantity of Y	An increase in the price of X will result in an increase in the equilibrium quantity of Y	More than one of the above is true	C	CO2	L4
A	obj	1	If cookies are a normal good and incomes increase, we would expect	An increase in equilibrium price and a decrease in equilibrium quantity.	A decrease in equilibrium price and an increase in equilibrium quantity	A decrease in equilibrium price and equilibrium quantity	An increase in equilibrium price and equilibrium quantity.	D	CO2	L4
A	obj	1	If coffee and milk are complements, then which of the following will occur if the price of coffee increases?	The quantity of coffee demanded will increase	The quantity of coffee supplied will decrease	The demand for milk will increase	The demand for milk will decrease	D	CO2	L4
A	obj	1	Which of the following is NOT a determinant of the supply of good X?	The cost of labor used to produce good X	Consumer preferences	Technology	All of the above are determinants of the supply of good X	B	CO2	L4
A	obj	1	Which of the following CANNOT result in an increase in price in a competitive market for a normal good?	An increase in income	A decrease in the price of a complement to this good	An increase in the price of a substitute for this good	A decrease in the wages paid to workers who produce this good	B	CO2	L4
A	obj	1	Which of the following is an assumption made while drawing the demand curve?	The demand curve must be linear	The price of substitutes should not change	The quantity demanded should not change	The price of the commodity should not change	B	CO2	L4

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A	obj	1	In a particular year, the farmers experienced dry weather. If all other factors remain the same, the supply curve of wheat for farmers will shift to the ________ direction.	downward movement on the demand curve	Rightward	Leftward	None of the above	C	CO2	L4
A	obj	1	If the market supply curve for a product shifts rightwards, what is the best possible explanation for this shift?	Increase in the price of raw materials	a. Introduction of a tax on that product by the government	a. Introduction of a new technique that makes the production of that commodity cheaper	a. An advertising campaign that is successful in promoting the product	C	CO2	L4
A	obj	1	If the income of a consumer increases or the price of a complementary good falls, then the __________	a. The demand curve for the product shifts rightward	a. The demand curve for the product shifts leftward	a. The supply curve for the product shifts rightward	a. The supply curve for the product shifts leftward	A	CO2	L4