

SET	TYPE	MARKS	QUESTION	CO	PI	Bloom's Level	Accessible For	ANSWER-ONE	ANSWER-ONE-STATUS	ANSWER-TWO	ANSWER-TWO-STATUS	ANSWER-THREE	ANSWER-THREE-STATUS	ANSWER-FOUR	ANSWER-FOUR-STATUS
A	SINGLE-CORRECT	1	Scarcity	CO1		Apply	My Institute	exists because people have wants that are unlimited relative to the availability of resources to satisfy those wants	Incorrect	applies when a resource is not freely available	Incorrect	means that each society and each individual must make choices	Incorrect	All of the above are true	Correct
A	SINGLE-CORRECT	1	Mike wants to buy a car from Jim. Jim wants to sell his car for \$5,000. Before buying the car, Mike wants to take the car to a mechanic, for a complete inspection. Mike estimates the cost for this inspection at \$50 and his expected benefits at \$60. What should Mike do and why?	CO1		Apply	My Institute	Take the car to the mechanic because the expected benefit is lower than the expected cost.	Incorrect	Buy the car because JIM is a friend and he would never sell a 'lemon'.	Incorrect	Don't take the car to the mechanic because expected benefit is lower than the expected cost.	Incorrect	Take the car to the mechanic because the expected benefit is greater than the expected cost.	Correct
A	SINGLE-CORRECT	1	A test was scheduled on Monday morning, but you went to party on Saturday night. If you hadn't attended the party, you could have studied for the test or gone for a movie. Which of the following is true?	CO1		Apply	My Institute	The opportunity cost is of going to the movie is studying for the test.	Incorrect	The opportunity cost is of going to the movie is the movie.	Incorrect	The opportunity cost is of going to the movie is both the movie and the study time.	Incorrect	From the above information, it's not possible to determine the opportunity cost of attending the party.	Correct
A	SINGLE-CORRECT	1	The Law of Demand states that as the price of a good rises,	CO2		Analyze	My Institute	buyers recognize that price may be even higher in the future, and so they buy now	Incorrect	buyers purchase less in hopes that the price will fall in the future	Incorrect	buyers purchase less, in part because their real income has fallen	Correct	buyers purchase more, in part because the price of substitute has risen	Incorrect

A	SINGLE-CORRECT	1	Which of the following will not shift the demand curve for movie tickets	CO2		Analyze	My Institute	a change in the cost of babysitting services	Incorrect	a change in the price of movie tickets	Correct	a change in the quality of television programs	Incorrect	a change in the income of movie-goers	Incorrect
A	SINGLE-CORRECT	1	The difference between normal and inferior goods is that	CO2		Analyze	My Institute	normal goods are of better quality than inferior goods	Incorrect	an increase in price will shift the demand curve for a normal good rightward and the demand curve for an inferior good leftward	Incorrect	if the price of a normal good increases, individuals who buy it are poorer; for inferior goods, the opposite is true	Incorrect	an increase in income will shift the demand curve for a normal good rightward and the demand curve for an inferior leftward	Correct
A	SINGLE-CORRECT	1	Which of the following is the reason supply curves typically slope upward	CO2		Analyze	My Institute	Opportunity cost of production increases as quantity supplied increases	Correct	Supply increases as opportunity cost decreases	Incorrect	Price increases as supply decreases	Incorrect	Quantity supplied is unrelated to price	Incorrect
A	SINGLE-CORRECT	1	An improvement in technology will shift	CO2		Analyze	My Institute	the demand curve leftward	Incorrect	the demand curve rightward	Incorrect	the supply curve leftward	Incorrect	the supply curve rightward	Correct
A	SINGLE-CORRECT	1	Which of the following describes a situation in which demand must be inelastic?	CO2		Analyze	My Institute	the price of pens rises by 10 cents, and quantity of pens demanded falls by 50 cents	Incorrect	the price of pens rises by 10 cents, and total revenue rises	Correct	A 20% increase in the price of pens leads to a 20% decrease in the quantity of pens demanded	Incorrect	Total revenue does not change when the price of pens rises	Incorrect

A	SINGLE-CORRECT	1	If demand increases and supply decreases,	CO2		Analyze	My Institute	equilibrium price will fall and equilibrium quantity will rise	Incorrect	equilibrium price and quantity both will rise	Incorrect	equilibrium price will rise; equilibrium price will either rise or fall	Incorrect	equilibrium price will rise; equilibrium quantity will either rise, fall, or remain unchanged	Correct
A	SINGLE-CORRECT	1	A perfectly elastic demand curve	CO2		Analyze	My Institute	can be represented by a line parallel to the vertical axis.	Incorrect	is a 45-degree line	Incorrect	can be represented by a line parallel to the horizontal axis	Correct	cannot be represented on a two-dimensional graph	Incorrect
A	SINGLE-CORRECT	1	The sensitivity of the change in quantity consumed of one good to a change in the price of a related good is called	CO2		Analyze	My Institute	cross elasticity	Correct	substitute elasticity	Incorrect	complementary elasticity	Incorrect	price elasticity of demand	Incorrect
A	SINGLE-CORRECT	1	The cross-price elasticity of demand for coffee and tea is likely to be	CO2		Analyze	My Institute	greater than zero	Correct	less than zero	Incorrect	Zero	Incorrect	Infinity	Incorrect
A	SINGLE-CORRECT	1	If a firm decreases the price of a good and total revenue decreases, then	CO2		Analyze	My Institute	the demand for this good is price elastic	Incorrect	the demand for this good is price inelastic	Correct	the cross elasticity is negative	Incorrect	the income elasticity is less than 1	Incorrect
A	SINGLE-CORRECT	1	If the income elasticity of a particular good is negative 0.2, it would be considered	CO2		Analyze	My Institute	a superior good	Incorrect	a normal good	Incorrect	an inferior good	Correct	an elastic good	Incorrect

A	SINGLE-CORRECT	1	Which of the following examples best illustrates the concept of derived demand?	CO2	Analyze	My Institute	An increase in the price of tea results in an increase in the demand for coffee	Incorrect	The higher the demand for automobiles, the greater the demand for steel	Correct	The demand for Pepsi varies directly with the price of Coke.	Incorrect	The demand for a good varies inversely with its price	Incorrect
A	SINGLE-CORRECT	1	Which of the following best defines the basic economic problem?	CO1	Apply	My Institute	How to allocate resources among various industries	Incorrect	Determining the price elasticity of demand for a product	Incorrect	How to distribute profit among shareholders	Incorrect	Making choices due to scarcity of resources	Correct
A	SINGLE-CORRECT	1	In comparison to traditional branches of economics, managerial economics mainly focuses on:	CO1	Apply	My Institute	The entire economy's health and growth	Incorrect	Decision-making within an organization	Correct	The distribution of wealth in a society	Incorrect	The historical analysis of economic systems	Incorrect
A	SINGLE-CORRECT	1	If a business focuses on long-term survival instead of short-term gains, it might:	CO1	Apply	My Institute	Maximize current profits at any cost	Incorrect	Prioritize sustainable practices even if they reduce current profits	Correct	Frequently change market strategies	Incorrect	Always choose high-risk, high-reward ventures	Incorrect
A	SINGLE-CORRECT	1	Which objective is most directly related to achieving market leadership?	CO1	Apply	My Institute	Maximizing short-term gains	Incorrect	Focusing on profit margin only	Incorrect	Building brand value and reputation	Correct	Distributing profits among stakeholders	Incorrect
A	SINGLE-CORRECT	1	What would be a likely result of an exception to the demand price relationship?	CO2	Analyze	My Institute	An increase in price always results in an increase in demand	Correct	An increase in price leads to no change in demand	Incorrect	An increase in price always results in a decrease in demand	Incorrect	Price has a direct relationship with supply, not demand	Incorrect

A	SINGLE-CORRECT	1	In a market equilibrium	CO2		Analyze	My Institute	Quantity demanded is always greater than quantity supplied	Incorrect	Quantity supplied is always greater than quantity demanded	Incorrect	Quantity demanded equals quantity supplied	Correct	Price is always constant	Incorrect
A	SINGLE-CORRECT	1	If a product has an elasticity of demand greater than 1, it can be described as:	CO2		Analyze	My Institute	Perfectly elastic	Incorrect	Perfectly inelastic	Incorrect	Elastic	Correct	Inelastic	Incorrect
A	SINGLE-CORRECT	1	When considering the application of elasticity of demand to business activity, a firm with a product that has inelastic demand might:	CO2		Analyze	My Institute	Avoid raising prices due to potential significant sales losses	Incorrect	Raise prices without a significant drop in total revenue	Correct	Focus primarily on advertising to increase demand	Incorrect	Always offer discounts to attract customers	Incorrect
A	SINGLE-CORRECT	1	If there's an increase in the income of consumers, and shoes are considered a normal good, what can we expect to observe in the market for shoes?	CO2		Analyze	My Institute	Demand for shoes will increase.	Correct	Demand for shoes will decrease.	Incorrect	Supply of shoes will increase.	Incorrect	There will be no change in the demand or supply of shoes.	Incorrect
A	SINGLE-CORRECT	1	If there's an advancement in the technology of producing laptops, leading to a decrease in the production cost, and at the same time, a new study reveals laptops can cause severe health issues when used for long hours, what is the most likely combined effect on the laptop market?	CO2		Analyze	My Institute	Increase in supply and increase in demand.	Incorrect	Increase in supply and decrease in demand.	Correct	Decrease in supply and increase in demand.	Incorrect	Decrease in both supply and demand.	Incorrect

A	SINGLE-CORRECT	1	Opportunity cost is best defined as	CO1		Apply	My Institute	the amount given up when choosing one activity over all other alternatives	Incorrect	the amount given up when choosing one activity over the next best alternative.	Correct	the opportunity to earn a profit that is greater than the one currently being made.	Incorrect	the amount that is given up when choosing an activity that is not as good as the next best alternative.	Incorrect
A	SINGLE-CORRECT	1	Managerial economics is best defined as the economic study of	CO1		Apply	My Institute	how businesses can make the most profits	Incorrect	how businesses can decide on the best use of scarce resources	Correct	how businesses can operate at the lowest costs.	Incorrect	how businesses can sell the most products	Incorrect
A	SINGLE-CORRECT	1	Which of the following is not considered as a factor of production?	CO1		Apply	My Institute	money	Correct	machinery and equipment	Incorrect	land	Incorrect	unskilled labour	Incorrect
A	SINGLE-CORRECT	1	According to marginal analysis optimal decision making involves	CO1		Apply	My Institute	taking actions whenever the marginal benefit is positive	Incorrect	taking actions only if the marginal cost is zero	Incorrect	taking actions whenever the marginal benefit exceeds the marginal cost	Correct	All of these	Incorrect
A	SINGLE-CORRECT	1	Which of the following statements about sunk costs is FALSE? I. Sunk costs are those that cannot be recovered, no matter what future action is taken.II. Because sunk costs cannot be recovered, they are irrelevant for future decision-making.III. The presence of sunk costs can affect future decision-making, if they are large enough.	CO1		Apply	My Institute	II and III only	Incorrect	II only	Incorrect	III only	Correct	I and III only	Incorrect
A	SINGLE-CORRECT	1	A rupee tomorrow is worth less than a rupee today' relates to	CO1		Apply	My Institute	opportunity cost principle	Incorrect	discounting principle	Correct	equi-marginal principle	Incorrect	None of these	Incorrect
A	SINGLE-CORRECT	1	Which of the following is not a survey method of demand forecasting?	CO2		Analyze	My Institute	consumer interview method	Incorrect	expert opinion method	Incorrect	sales force opinion method	Incorrect	Trend analysis method	Correct
A	SINGLE-CORRECT	1	Purposes of short term demand forecasting include	CO2		Analyze	My Institute	making a suitable production policy	Incorrect	to reduce the cost of purchasing raw materials and to control inventory	Incorrect	deciding suitable price policy	Incorrect	All of these	Correct

A	SINGLE-CORRECT	1	Microeconomics includes all of the following EXCEPT	CO1		Apply	My Institute	the effect of increasing the money supply on inflation	Correct	the purchasing decisions of an individual consumer	Incorrect	the effect of an increase in cigarette tax on cigarette sales	Incorrect	the hiring decisions a firm makes	Incorrect
A	SINGLE-CORRECT	1	For a good with elastic demand total revenue can be increased by	CO2		Analyze	My Institute	increasing price	Incorrect	decreasing price	Correct	not changing the price	Incorrect	None of these	Incorrect
A	SINGLE-CORRECT	1	Which of the following will result in a DECREASE in demand (i.e., a leftward shift of the demand curve)?	CO2		Analyze	My Institute	An increase in income, if the good is normal.	Incorrect	A decrease in the price of a complement to the good	Incorrect	An increase in the price of a substitute for the good	Correct	None of the above.	Incorrect
A	SINGLE-CORRECT	1	Points A and B are marked on a linear demand curve-their quantity-price coordinates being (1000,0) and (0,50).The equation of the demand curve is	CO2		Analyze	My Institute	$Q=2000-10P$	Incorrect	$Q=1000-20P$	Correct	$Q=500-40P$	Incorrect	None of the above	Incorrect
A	SINGLE-CORRECT	1	Minimum Support Prices announced for wheat are an example of	CO2		Analyze	My Institute	Ceiling Price	Incorrect	Floor Price	Correct	equilibrium price will rise; equilibrium price will either rise or fall	Incorrect	Market Price	Incorrect
A	SINGLE-CORRECT	1	In the case of Giffen goods, demand curve would be	CO2		Analyze	My Institute	Vertical	Incorrect	Horizontal	Incorrect	Negatively Sloped	Incorrect	Positively Sloped	Correct

ANSWER-
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ANSWER-
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