**Question Bank**

**Preparation for final examination**

**ACC and BUS**

1. Define economics by Alfred Marshal
2. Write a short note on
3. Positive science
4. Normative Science
5. Utility
6. What are the determinants of demand?
7. Explain the situations of demand with suitable examples
8. What are the degrees of elasticity of demand?
9. What is Market Equilibrium? Explain with example?
10. What is Law of Supply?
11. Explain the graph with examples
12. What is Law of diminishing marginal utility?
13. What’s consumer equilibrium.
14. What is Indifference Curve? Explain properties of indifference curve and Indifference Schedule?
15. What are the three assumptions of indifference curve analysis?
16. What are the features of perfect competition?
17. Distinguish between

(i) Monopoly and Monopolistic competition;

(ii)Oligopoly and Monopolistic competition.

1. What is Price discrimination?
2. Write a short note
3. Price rigidity
4. Free entry and free exit
5. High selling cost
6. Homogeneous product
7. Price maker
8. How will you define economies of scale? What are the sources of internal?and external economies?
9. What is uncertainty and information?
10. Calculate the elasticity of demand.
11. What is law of diminishing return?
12. What is Budget line?
13. Income and substitution effects of a price change. Explain in brief.
14. Draw a diagram of a perfectly inelastic demand curve. Suggest an example of a good for which demand might be perfectly elastic.
15. Write a short note on:
	1. Budget Line
	2. Relatively elastic demand
16. The demand for juice is P = 800 - 2Qd and supply of juice cones is P = 200 + 1Qs. The price of a juice is expressed in cents, and the quantities are expressed in glass of juice glass per day. Find the equilibrium price (P\*) and equilibrium quantity (Q\*).

***Trues and false***

* + - 1. In case of change in quantity supplied, new supply curve is drawn. ( T )
			2. Law of supply states that higher the price lower the quantity supplied and lower the price higher the quantity supplied, other things remaining the same. ( F )
			3. A higher indifference curve represents a higher level of satisfaction. ( T )
			4. Microeconomics is the study of the behavior of individual, small, isolated and disaggregated units ( T )
			5. Law of demand states that higher the price lowers the demand and lower the price higher the demand, other things remaining the same. ( F )
			6. If an increase in the price of one good leads to a fall in the quantity demanded of other, then these goods are complementary goods. ( T )
			7. Law of supply states that higher the price lower the quantity supplied and lower the price higher the quantity supplied, other things remaining the same. ( T )
			8. The law of demand simply states that the lower the price of a product, the less amount that consumers are willing to buy. (  F   )
			9. Elasticity is the same as the slope of the demand curve. ( F )
			10. Product pricing, factor pricing and theory of economic welfare are the scope of microeconomics. ( T )
			11. Economists define a market as a place where buyers go to purchase units of a commodity. ( T )
			12. Oligopoly is a market structure in which there are few sellers of a product and additional sellers cannot easily enter the industry. ( T )
			13. Monopolistically competitive firms are price takers. ( T )

***Match the column***

***Match- I Match- II***

1. Concept of consumer surplus a. Marshall & Hicks **1**
2. Expansion of demand curve is due to b. Hicks & Allen **3**
3. Indifference Curve Analysis c. A.Marshall **5**
4. Change in quantity demanded will take place d. Rightward shift in demand curve **2**
5. Cardinal Utility Analysis e. On the same demand curve **4**
6. Market Demand f. How responsive the demand is to a change in price? **8**
7. Market Supply g. The total sum of money coming in to

 the business via sales.**10**

1. Price Elasticity of Demand h. Satisfaction gained through the consumption of goods and services **9**.
2. Utility i. The sum of all quantities of a good that buyers plan to purchase. **6**
3. Total Revenue j. The sum of all quantities of a good

 that sellers plan to sell. **7**

**Multiple choice questions**

1. The indifference curve means:
2. equal consumption of two goods;
3. equal utility from the consumption of two combinations of goods;
4. equal consumer income;
5. equal prices of the goods consumed.

2. What is/ are true for indifference curves a.

1. Indifference curve slopes downward to the right;
2. Indifference curves are convex to the origin;
3. A higher indifference curve represents higher level of satisfaction;
4. All of the above are correct.

3. Indifference Curve Analysis is Based on:

a. Ordinal Utility. b. Cardinal Utility.

c. Marginal Utility. d. None of the Above.

4. Higher indifference cure show:

a. A higher level of Satisfaction b. A higher level of Production

b. A higher level of Income c. None of the above

5. If the price of a good with elastic demand increases, which of the following describes the effect on the quantity demanded of the good?

* + 1. increases a little b. increases a lot
		2. decreases a little d. decreases a lot
1. Marginal utility analysis was mainly propounded by

a) J.B. Say b) Robbins

c) Adam smith d) Alfred Marshall

1. The price elasticity of demand between two points on a demand curve is known as

a) Point elasticity of demand, b) Arc elasticity of demand,

c) Cross price elasticity d) Income elasticity of demand.

1. Which of the following is not of the following?
2. Science b) Art
3. Normative d) Physiological
4. Suppose the supply for product A is perfectly elastic. If the demand for this product increases:
5. The equilibrium price and quantity will increase
6. The equilibrium price and quantity will decrease
7. The equilibrium quantity will increase but the price will not change
8. The equilibrium price will increase but the quantity will not change



10.

***B***

11. An expected utility function is:

1. preserved for any positive monotonic transformation.
2. quadratic in probabilities
3. linear in probabilities.
4. non-linear in probabilities.
5. ordinal because the utility numbers have no meaning

12. In calculating an expected value, the weights are

1. endogenous variables
2. measured in dollars
3. probabilities.
4. greater than 1.
5. utilities.
6. One of the important conditions for perfect competition is that:
7. products are heterogeneous
8. the demand curve facing a firm is perfectly inelastic
9. managers in the same industry discuss strategies with each other to perfect their pricing in the market
10. there are no barriers to entry and exit.
11. there are never any economic profits earned by the firms in the industry.

**Best of Luck**