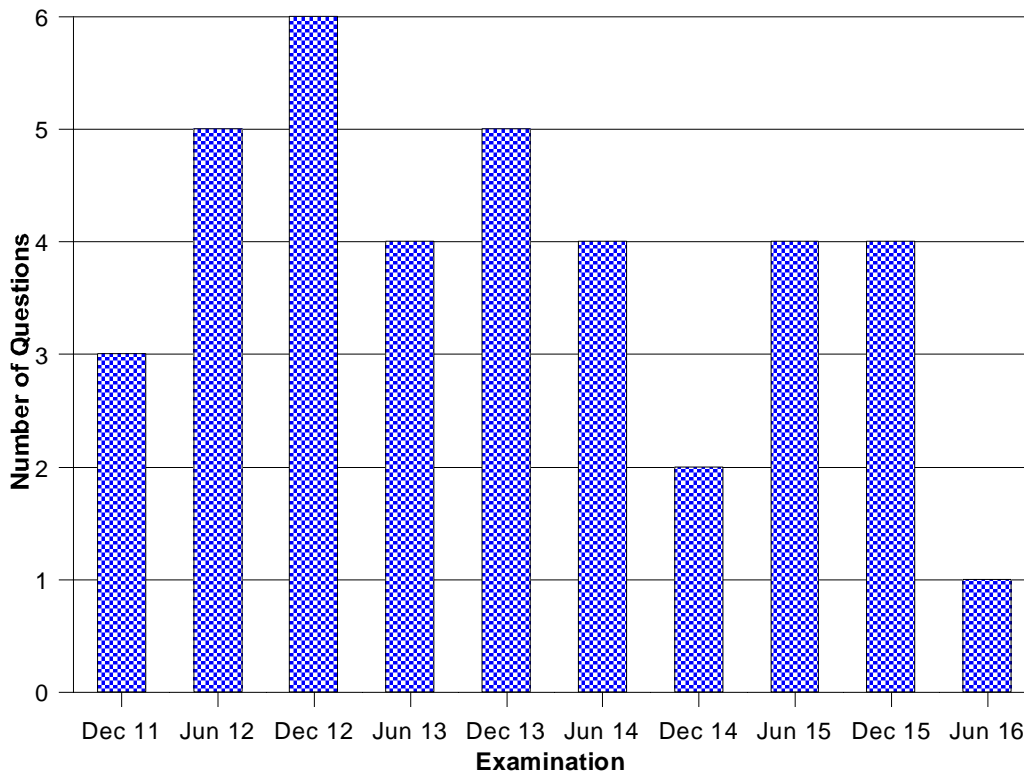


CHAPTER	Introduction to Micro Economics
1	



2006 – November

- [1] 'Economics is the study of mankind in the ordinary business of life' was given by :
- (a) Adam Smith
 - (b) Lord Robbins
 - (c) Alfred Marshall
 - (d) Samuelson

- [2] The branch of economic theory that deals with the problem of allocation of resources is :
- (a) Micro Economics
 - (b) Macro Economics
 - (c) Econometrics
 - (d) None of these

- [3] Capitalistic Economy uses _____ as principal means of allocating resources.
- (a) Demand
 - (b) Supply
 - (c) Price
 - (d) All of the above

2007 – February

- [4] A study of how increase in the corporate income tax rate will affect the natural unemployment rate is an example of :
- (a) Macro Economics
 - (b) Descriptive Economics
 - (c) Micro Economics
 - (d) Normative Economics
- [5] If a point falls inside the production possibility curve, what does it indicate?
- (a) Resources are over utilized
 - (b) Resources are under utilized
 - (c) There is employment in the economy
 - (d) Both (b) and (c)
- [6] In which type of economy do consumers and producers make their choices based on the market forces of demand and supply?
- (a) Open Economy
 - (b) Controlled Economy
 - (c) Command Economy
 - (d) Market Economy

2007 – May

- [7] Under a free economy, prices are:
- (a) Regulated

- (b) Determined through free interplay of demand and supply
- (c) Partly regulated.
- (d) None of these

- [8] Which of the following falls under micro economics?
- (a) National income
 - (b) General price level
 - (c) Factor pricing
 - (d) National saving and investment

2007 – August

- [9] In a free market economy, when consumers increase their purchase of a goods and the level of _____ exceeds _____ then prices tend to rise :
- (a) Demand, Supply
 - (b) Supply, Demand
 - (c) Prices, Demand
 - (d) Profits, Supply

2007 – November

- [10] Under Inductive method, the logic proceeds from :
- (a) General to particulars
 - (b) Particular to general
 - (c) Both (a) and (b)
 - (d) None
- [11] According to Robbins, 'means' are:
- (a) Scarce
 - (b) Unlimited
 - (c) Undefined
 - (d) All of these

2008 – February

- [12]** Which of these would cause a rightward shift of the PPC curve?
 (a) Improvement in technology
 (b) Greater capital formation
 (c) Increase in population
 (d) All of these
- [13]** If the opportunity cost is constant, then PPC would be :
 (a) Convex
 (b) Straight line
 (c) Backward bending
 (d) Concave
- 2008 – June**
- [14]** Economics is the study of :
 (a) How society manages its unlimited resources
 (b) How to reduce our wants until we are satisfied
 (c) How society manages its scarce resources
 (d) How to fully satisfy our unlimited wants.
- [15]** Mixed economy means :
 (a) Co-existence of small and large industries
 (b) Promoting both agriculture and industries in the economy
 (c) Co-existence of rich and poor
 (d) Co-existence of public and private sectors
- [16]** Who defines Economics in terms of Dynamic Growth and Development?
 (a) Robbins
 (b) Paul A Samuelson
 (c) Adam Smith
 (d) None
- [17]** A Free Market economy solves its Central Problems through _____
 (a) Planning Authority
 (b) Market Mechanism
 (c) Both
 (d) None
- [18]** Normative aspect of Economics is given by :
 (a) Marshall
 (b) Robbins
 (c) Adam Smith
 (d) Samuelson
- 2009 – June**
- [19]** Which one is not the characteristic of capitalistic economy?
 (a) Profit motive
 (b) Income inequality
 (c) Free employment
 (d) Collective ownership
- [20]** Mixed economy means
 (a) All economic decisions are taken by Central Authority
 (b) All economic decisions are taken by private entrepreneurs
 (c) Economic decisions are partly taken by the state and partly by private entrepreneurs
 (d) None of these

2008 – December

2009 – December

[21] Same as Q 3 [Nov. 06]

[22] Economic Problem arises when :

- (a) Wants are unlimited
- (b) Resources are limited
- (c) Alternative uses of resources
- (d) All of the above

2010 – June

[23] Micro economics is also known as _____

- (a) Public economics.
- (b) Price theory.
- (c) Income theory.
- (d) Demand theory.

[24] A developed economy uses _____ technique in production.

- (a) Labour intensive.
- (b) Capital intensive.
- (c) Home-based.
- (d) Traditional.

[25] What will be the shape of PPC Curve when marginal opportunity cost is constant?

- (a) Concave.
- (b) Convex.
- (c) Backward bending.
- (d) Straight line.

[26] Which one is the feature of Marshall's definition?

- (a) Limited ends.
- (b) Scarce means.
- (c) Study of wealth as well as study of man.
- (d) Study of allocation of resources.

2010 – December

[27] Which one in the following is not correct :

- (a) There are limited wants
- (b) Means are scarce
- (c) Resources have alternative uses
- (d) Economics is science.

[28] Micro Economics is concerned with:

- (a) Consumer Behaviour.
- (b) Product pricing.
- (c) Factor Pricing .
- (d) All of the above.

2011 – June

[29] Who gave the positive aspect of science?

- (a) Alfred Marshall
- (b) A.C. Pigou
- (c) Adam Smith
- (d) Robbins.

[30] Mixed economy means :

- (a) Coexistence of both private and public sector
- (b) Coexistence of poor and rich people
- (c) Both (a) and (b)
- (d) None.

[31] Which of these is a part of micro economics?

- (a) Factor pricing
- (b) National Income
- (c) Balance of payment
- (d) None.

[32] Which of these is an example of macro economics :

- (a) Problem of unemployment in India
- (b) Rising price level in the country
- (c) Increase in disparities of income
- (d) All of above.

2011 – December

- [33]** In a capitalist economy the allocation of resources is performed by:
- (a) Producers
 - (b) Government
 - (c) Planners
 - (d) Price mechanism
- [34]** Which of the following statements is incorrect?
- (a) Alfred Marshall propagated the wealth definition of Economics
 - (b) L. Robbins introduced the "Scarcity" definition of Economics
 - (c) Samuelson emphasised upon the "growth" aspect of Economics
 - (d) A.C Pigou believed in "welfare" aspect of Economics
- [35]** Inequalities of income do not perpetuate in_____.
- (a) Socialism
 - (b) Mixed Economy
 - (c) Capitalism
 - (d) None

2012 – June

- [36]** Which of the following are the features of a mixed economy?
- (a) Planned economy
 - (b) Dual system of pricing exists
 - (c) Balanced regional development
 - (d) All of the above.
- [37]** Normative Economics is based on:
- (a) Ethical Considerations
 - (b) Facts and Generalisation
 - (c) What is?
 - (d) All of the above.
- [38]** Dual system of pricing exist in:
- (a) Free market economy
 - (b) Socialistic economy
 - (c) Mixed economy
 - (d) None of the above
- [39]** In Inductive method, logic proceeds from:
- (a) General to Particular
 - (b) Particular to General
 - (c) Both (a) and (b)
 - (d) None of these.
- [40]** In a capitalist economy, allocation of resources is done by:
- (a) Producers
 - (b) Government
 - (c) Planners
 - (d) Price mechanism

2012 – December

- [41]** A Capitalist Economy follows the policy of :-
- (a) Laissez faire
 - (b) Regulated markets
 - (c) Promoting public sector
 - (d) None of the above.
- [42]** 'Economics is the science of choice making' it implies:-

- (a) No choice is to be made
 (b) Choice to be made between alternative uses
 (c) Choice to be made between means and ends
 (d) None of the above.
- [43]** Which of the following is a part of the subject matter of macro economics?
 (a) Study of firms
 (b) Aggregate profits of a firm
 (c) Market demand for a product
 (d) Net national product.
- [44]** The usual shape of production possibility curve is _____ towards the origin.
 (a) Convex
 (b) Concave
 (c) Straight line
 (d) A rectangular hyperbola.
- [45]** What will be the shape of Production Possibility Curve (PPC) when marginal opportunity cost is constant?
 (a) Concave
 (b) Convex
 (c) Backward bending
 (d) Straight line
- [46]** A capitalist economy is by and large _____
 (a) A closed economy
 (b) A free market economy
 (c) A centrally controlled economy
 (d) An economy in which a government neither collects any taxes nor incurs any expenditure.
- [47]** Deductive and Inductive methods are complimentary to each other. It is:
 (a) Absolutely correct
 (b) Absolutely incorrect
 (c) Partially incorrect
 (d) None of the above.
- [48]** A free market economy's driving force is:
 (a) Profit motive
 (b) Welfare of the people
 (c) Rising income and levels of living
 (d) None of the above.
- [49]** "Economics is neutral between ends". The statement is given by:
 (a) L. Robbins
 (b) Mrs. Joan
 (c) Alfred Marshall
 (d) A.C. Pigon.
- [50]** A system of economy in which all the means of production are owned and controlled by the private individuals for the purpose of profit, is called:
 (a) Socialist Economy
 (b) Capitalist Economy
 (c) Mixed Economy
 (d) All of the above.

2013 – December

- [51]** Where does price mechanism exists?
 (a) Capitalist Economy
 (b) Socialist Economy
 (c) Both type of economies
 (d) None of the above.
- [52]** Economics which is concerned with welfare propositions is called
 (a) Socialistic economics

2013 – June

- (b) Capitalistic economics
(c) Positive economics
(d) Normative economics
- [53]** In which among the following systems the 'right to property' exists
- (a) Mixed economy
(b) Capitalist economy
(c) Socialist economy
(d) Traditional economy
- [54]** Positive science only explains
- (a) What is ?
(b) What ought to be?
(c) What is right or wrong
(d) None of the above.
- [55]** Socialist Economy is also known as
- (a) Mixed Economy
(b) Planned Economy
(c) Capitalist Economy
(d) None of the above.
- (b) Restrictions on consumers
Right to choose
(c) Profit motive
(d) Freedom of enterprise
- [59]** The term "Mixed Economy" denotes :
- (a) Co-existence of both consumers and producers goods industries in the economy.
(b) Co-existence of both private and public sectors in the economy.
(c) Co-existence of both rural and urban sectors in the economy.
(d) Co-existence of both large and small industries in the economy.

2014 – December**2014 – June**

- [56]** Who has defined economics as "Science which deals with wealth" ?
- (a) Adam Smith
(b) Canon
(c) J.B. Say
(d) A.C. Pigou
- [57]** Production Possibility Curve is also known as :
- (a) Demand Curve
(b) Transformation Curve
(c) Supply Curve
(d) Indifference Curve
- [58]** Which of the following is not a feature of a capitalist economy ?
- (a) Right to private property
- [60]** The most important function of an entrepreneur is to _____.
- (a) innovate
(b) bear the sense of responsibility
(c) finance
(d) earn profit
- [61]** Under Inductive method logic proceeds from:
- (a) General to particular
(b) Positive to normative
(c) Normative to positive
(d) Particular to general

2015 – June

- [62]** The meaning of time element in Economics is:

- (a) Calendar time
 (b) Clock time
 (c) Operational time in which supply adjusts with the market demand
 (d) None of the above.
- [63]** When the economy makes technological progress, the production possibility curve will shift?
 (a) Inward to the left
 (b) Outward to the right
 (c) A movement along the same curve
 (d) A point inside the curve.
- [64]** All wants of an individual are not of:
 (a) Equal importance
 (b) Immediate importance
 (c) Fixed importance
 (d) All of the above.
- [65]** _____ is another name of production possibility curve.
 (a) Indifference Curve
 (b) ISO-Product Curve
 (c) Transformation Curve
 (d) Diminishing Utility Curve
- (c) General price level
 (d) Firms equilibrium.
- [68]** Find out the correct statement
 (a) Higher the prices, lower the quality demanded of a product are a normative statement
 (b) Micro and macro-economics are interdependent
 (c) In a capitalist economy, the economic problems are solved by planning commission
 (d) In deductive method logic proceeds from particular to the general.
- [69]** Which of the following illustrate a decrease in unemployment using the PPF?
 (a) A movement down along the PPF
 (b) A rightward shift of the PPF
 (c) A movement from a point on the PPF to a point inside the PPF
 (d) A movement from a point inside the PPF to a point on the PPF.

2015 – December

- [66]** Who is the author of “The Nature and causes of wealth of Nation”?
 (a) Karl Mars
 (b) Adam Smith
 (c) J B Say
 (d) A C Pigou.
- [67]** Micro economics does not study
 (a) Consumer behaviour
 (b) Factor pricing

2016 – June

- [70]** Micro Economics is the study of:
 (a) Individual parts of the economy
 (b) The economy as a whole
 (c) Choice making
 (d) Development of the economy.

Answer

- | | | | |
|---------|---------|---------|---------|
| 1. (c) | 2. (a) | 3. (c) | 4. (a) |
| 5. (b) | 6. (d) | 7. (b) | 8. (c) |
| 9. (a) | 10. (b) | 11. (a) | 12. (d) |
| 13. (b) | 14. (c) | 15. (d) | 16. (b) |
| 17. (b) | 18. (a) | 19. (d) | 20. (c) |
| 21. (c) | 22. (d) | 23. (b) | 24. (b) |
| 25. (d) | 26. (c) | 27. (a) | 28. (d) |
| 29. (d) | 30. (a) | 31. (a) | 32. (d) |
| 33. (d) | 34. (a) | 35. (a) | 36. (d) |
| 37. (a) | 38. (c) | 39. (b) | 40. (d) |
| 41. (a) | 42. (b) | 43. (d) | 44. (b) |
| 45. (d) | 46. (b) | 47. (a) | 48. (a) |
| 49. (a) | 50. (b) | 51. (a) | 52. (d) |
| 53. (b) | 54. (a) | 55. (d) | 56. (c) |
| 57. (b) | 58. (b) | 59. (b) | 60. (a) |
| 61. (d) | 62. (a) | 63. (b) | 64. (a) |
| 65. (c) | 66. (b) | 67. (c) | 68. (b) |
| 69. (d) | 70. (a) | | |

