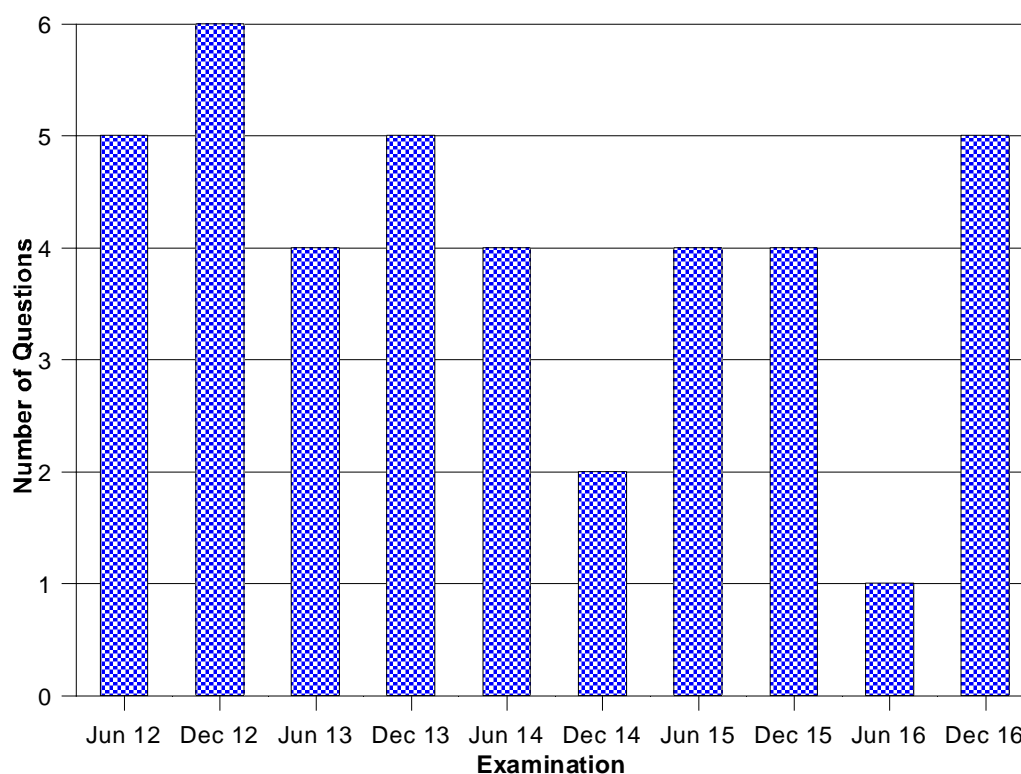


CHAPTER	
<b>1</b>	<b>Introduction to Micro Economics</b>



**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

**2008 – December**

- [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

**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.

<b>2013 – December</b>
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- [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

<b>2013 – June</b>
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- (a) Socialistic economics
- (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.

**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
- (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 good's 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**

**[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**

462	CPT Scanner : General Economics (Paper 3)
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**[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

<b>2015 – December</b>
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**[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

(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.

<b>2016 – June</b>
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**[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.

<b>2016 – December</b>
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- [71] According to \_\_\_\_\_ "Economics is a Science which deals with wealth".  
 (a) Walker  
 (b) Fairchild  
 (c) Adam Smith  
 (d) J.B. Say
- [72] Freedom of choice is the advantage of  
 (a) Socialism  
 (b) Capitalism  
 (c) Mixed Economy  
 (d) Communism
- [73] Definition of economics given by Robbins does not deal with one of the following aspect. Indicate that aspect.  
 (b) Limited ends  
 (c) Alternative uses  
 (d) Economics is a science
- [74] An economic system in which all means of production are owned and controlled by private individuals for profit is called:  
 (a) Mixed Economy  
 (b) Socialist Economy  
 (c) Capitalist Economy  
 (d) Developed Economy
- [75] Production possibility curve is also known as:  
 (a) Demand Curve  
 (b) Supply Curve  
 (c) Indifference Curve

<b>Answer</b>
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- |                  |         |         |         |
|------------------|---------|---------|---------|
| 1. (c)           | 2. (a)  | 3. (d)  | 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) |
| (a) Scarce means | 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) | 71. (d) | 72. (b) |
| 73. (b)          | 74. (c) | 75. (d) |         |

