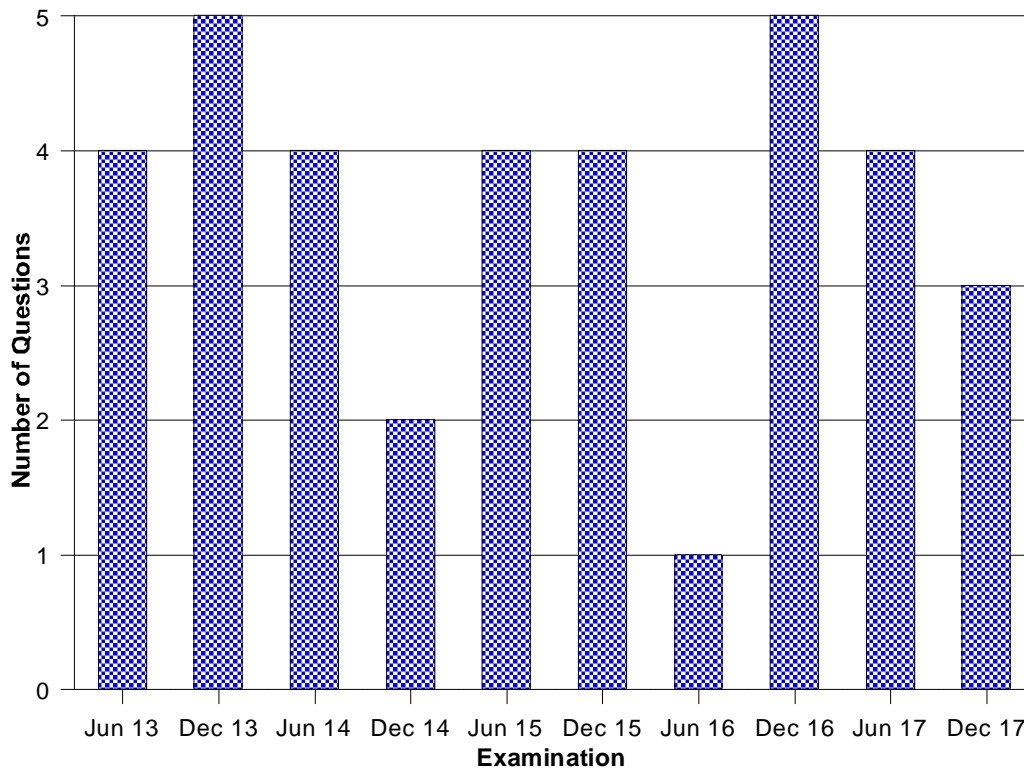


CHAPTER	Introduction to Micro Economics
1	



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.
- demand
 - supply
 - price
 - 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 :
- Macro Economics
 - Descriptive Economics
 - Micro Economics
 - Normative Economics
- [5] If a point falls inside the production possibility curve, what does it indicate?
- Resources are over utilized
 - Resources are under utilized
 - There is employment in the economy
 - 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?
- Open Economy
 - Controlled Economy
 - Command Economy
 - Market Economy

2007 – May

- [7] Under a free economy, prices are:
- Regulated
 - Determined through free interplay of demand and supply
 - Partly regulated.
 - None of these
- [8] Which of the following falls under micro economics?
- National income
 - General price level
 - Factor pricing
 - 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 :
- demand, supply
 - supply, demand
 - prices, demand
 - profits, supply

2007 – November

- [10] Under Inductive method, the logic proceeds from :
- General to particulars
 - Particular to general
 - Both (a) and (b)
 - 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.

2013 – June

[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
- Socialistic economics
 - Capitalistic economics
 - Positive economics
 - Normative economics
- [53]** In which among the following systems the 'right to property' exists
- Mixed economy
 - Capitalist economy
 - Socialist economy
 - Traditional economy
- [54]** Positive science only explains
- What is?
 - What ought to be?
 - What is right or wrong
 - None of the above.
- [55]** Socialist Economy is also known as
- Mixed Economy
 - Planned Economy
 - Capitalist Economy
 - None of the above.

2014 – June

- [56]** Who has defined economics as "Science which deals with wealth" ?
- Adam Smith
 - Canon
 - J.B. Say
 - A.C. Pigou
- [57]** Production Possibility Curve is also known as :
- Demand Curve
 - Transformation Curve
 - Supply Curve
 - Indifference Curve

- [58]** Which of the following is not a feature of a capitalist economy?
- Right to private property
 - Restrictions on consumers Right to choose
 - Profit motive
 - Freedom of enterprise
- [59]** The term "Mixed Economy" denotes:
- Co-existence of both consumers and producers good's industries in the economy.
 - Co-existence of both private and public sectors in the economy.
 - Co-existence of both rural and urban sectors in the economy.
 - Co-existence of both large and small industries in the economy.

2014 – December

- [60]** The most important function of an entrepreneur is to _____.
- innovate
 - bear the sense of responsibility
 - finance
 - earn profit
- [61]** Under Inductive method logic proceeds from:
- General to particular
 - Positive to normative
 - Normative to positive
 - 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

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
- (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.

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.

2016 – December

- [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.
- (a) Scarce means
 - (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
 - (d) Transformation Curve

2017 – June

- [76] In which of the following methods conclusions are drawn on the basis of collection and analysis of facts?
- (a) Deductive method
 - (b) Scientific method
 - (c) Inductive method
 - (d) Experimental method.
- [77] Which Economic System is described by Schumpeter as ‘capitalism in the oxygen tent’?
- (a) Laissez- Faire Economy
 - (b) Command Economy
 - (c) Mixed Economy
 - (d) Agrarian Economy.
- [78] Production Possibility Curve (PPC) is also known as:
- (a) Indifference Curve
 - (b) Supply Curve
 - (c) Transformation Curve
 - (d) Demand Curve.
- [79] The Central problem in every economic society is:
- (a) To ensure a minimum level of income for every individual.
 - (b) To allocate scarce resources in such a manner that societies unlimited wants are satisfied in the best possible manner.
 - (c) To ensure that production occurs in the most efficient manner.
 - (d) To provide job to every job seeker.

2017 – December

[80] The producer's demand for a factor of production is governed by the _____ of that factor.

- (a) price
- (b) marginal Productivity
- (c) availability
- (d) profitability

[81] "Science requires art; art requires science, each being complimentary to the other". Who has said it?

- (a) Keynes
- (b) Cossa
- (c) Robbins
- (d) Pigou

[82] Which among the following is not the subject matter of macro economics?

- (a) Balance of trade and payments.
- (b) Saving and investment
- (c) Location of Industry
- (d) Economic growth

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) | 71. (d) | 72. (b) |
| 73. (b) | 74. (c) | 75. (d) | 76. (c) |
| 77. (c) | 78. (c) | 79. (b) | 80. (a) |
| 81. (b) | 82. (c) | | |

