

Definition Of Economics and Economy

1. 'Economics is the study of mankind in the ordinary business of life' . This definition 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. 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

4. 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)

5. 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

6. Under a free economy, prices are :

- (a) Regulated

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

7. Which of the following falls under micro economics ?

- (a) National income
- (b) General price level
- (c) Factor pricing
- (d) National saving and investment

8. 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

9. Under Inductive method, the logic proceeds from :

- (a) General to particulars
- (b) Particular to general
- (c) Both (a) and (b)
- (d) None

10. According to Robbins, 'means' are:

- (a) Scarce
- (b) Unlimited
- (c) Undefined
- (d) All of these

11. Inputs are combined with technology to produce outputs. The fundamental inputs (also called factors of production) are

- (A) land and capital
- (B) land and labor
- (C) land, labor, and capital
- (D) land, labor, capital, and investment

12. Goods produced to produce yet other goods is called

- (A) final goods
- (B) capital

- (C) investment
- (D) resources

13. Which economic term is used to represent inequality in income distribution?

- (A) GDP
- (B) GNP
- (C) Gini
- (D) HDI

14. The value of the good or service forgone by choosing another investment is called

- (A) opportunity cost
- (B) purchasing power parity
- (C) disposable income
- (D) consumer price index

15. The central role of markets is to determine the

- (A) quality of goods
- (B) quantity of goods
- (C) level of income
- (D) price of goods

16. The branch of economics concerned with overall performance of the economy is known as

- (A) Microeconomics
- (B) Macroeconomics
- (C) Econometrics
- (D) Keynesian Economics

17. The branch of economics concerned with the use of statistical methods to obtain empirical results for economic relations is known as

- (A) Microeconomics
- (B) Macroeconomics
- (C) Econometrics
- (D) Keynesian Economics

18. The branch of economics concerned with the behavior of markets, firms, and households is known as

- (A) Microeconomics
- (B) Macroeconomics
- (C) Econometrics
- (D) Bayesian Economics

19. An economy is producing efficiently when no individual's economic welfare can be improved unless

- (A) supply is increased
- (B) demand is increased
- (C) someone else is improved
- (D) someone else is made worse off

20. Taxes are used to discourage _____ of a commodity.

- (A) consumption
- (B) production
- (C) saving
- (D) inflation

Difference between Micro and Macro Economics

1. The another name of price theory may called

- (a) Micro economic
- (b) macro-economic
- (c) Finance economic
- (d) Insurance economic

2. Macroeconomics is concerned with which of the following:

- (a) Level of goods and services produced in the entire economy
- (b) General Price level
- (c) National income
- (d) All the above

3. Which of the following subjects are not included the scope of macroeconomics?

- (a) Individual demand
- (b) Theory of money
- (c) National income
- (d) Theory of economic development

4. The difference between microeconomics and Macroeconomics may be?

- (a) Difference between different sets of assumptions
- (b) Difference in degree of aggregation
- (c) Difference in the scope of study
- (d) All of the above

5. Which of the following statement fits to macroeconomics?

- (a) Private production is promoted
- (b) Scarcity and choice are studied
- (c) Study of national income
- (d) None of these

6. An increase in national income because of an increase in prices only is called an

- a) Increase in real income
- b) Increase in national income at constant prices
- c) Increase in nominal national income

d) Increase in national income at base year prices

7. The national income of a country for a given period is equal to the

- a) Consumption and investment expenditure incurred by the government
- b) Consumption and investment expenditure incurred by Indians abroad
- c) Consumption and investment expenditure incurred by private sector
- d) Consumption and investment expenditure incurred by all the above

8. The growth rate in per capita income at current prices is higher than that of per capita income at constant prices, because the former takes into account the rate of

- a) Growth of population
- b) Increase in price level
- c) Growth of money supply
- d) Increase in the wage rate

9. The value of all final goods and services produced by the normal residents of a country and their property, whether operating within the domestic territory of the country or outside, in a year is termed

- a) Gross national income
- b) Net national income
- c) Gross domestic product
- d) Net domestic product

10. National income in context of India is the collective income of all the Indians. Which of the following is equivalent to national income?

- a) Gross domestic product at market price
- b) Net domestic product at factor prices
- c) Net national product at market prices
- d) Net national product at factor cost

11. Which one of the following is responsible for bringing out the report on national and per capital income in India?

- a) Ministry of Planning
- b) Ministry of Human Resource Development
- c) Ministry of Home Affairs
- d) Ministry of Statistics and Programme Implementation

12. The main reason for the low growth rate in India in spite of high rates of savings and capital formation is

- a) Low rate of investment rate
- b) Low level of foreign investment
- c) Low capital/output ratio
- d) High capital/output ratio

13. In India, National Income Statistics are computed by which of the following ?

- a) Planning Commission
- b) Ministry of Finance
- c) Central Statistical Office
- d) RBI

14. Inclusive growth is the agenda of economic development in the future. The strategy of inclusive growth does not focus on

- a) Enhancement of education opportunities
- b) Reduction of poverty among backward castes
- c) Diversifying livelihood for tribal population
- d) Promotion of ancillary industry in industrial regions

15. Disguised unemployment generally means

- a) Total productivity of labour is zero
- b) Average productivity of labour is zero
- c) Marginal productivity of labour is zero
- d) None of the above

16. Decision making and _____ are the two important functions of executive of business firms

- a) Forward planning
- b) Directing
- c) Supervising
- d) Administration

17. _____ shows the change in quantity demanded as a result of a change in consumers' income

- a) Price elasticity
- b) Cross elasticity
- c) Income elasticity

d)None of these

18. The firm charges price in tune with the industry's price is called

- a)competitive pricing
- b)going rate pricing
- c)tune pricing
- d)target pricing

19. Which one of the following is not a reason for adopting skimming price strategy

- a)When the demand of new product is relatively inelastic.
- b)When there is no close substitutes
- c)Elasticity of demand is not known
- d)Product has high price elasticity in the initial stage

20. Information for pricing decisions involves:

- a)Product information
- b)Market information
- c)Information at the micro level
- d)All of these

ANSWERS

Difference between Micro and Macro Economics

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| 1. (A) | 2. (D) | 3. (A) | 4. (D) | 5. (C) | 6. (C) | 7. (D) | 8. (B) |
| 9. (D) | 10. (A) | 11. (D) | 12. (D) | 13. (C) | 14. (D) | 15. (C) | 16. (A) |
| 17. (C) | 18. (B) | 19. (D) | 20. (D) | | | | |

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| 1. (C) | 2. (A) | 3. (A) | 4. (B) | 5. (D) | 6. (B) | 7. (C) | 8. (A) |
| 9. (B) | 10. (A) | 11. (C) | 12. (B) | 13. (C) | 14. (A) | 15. (D) | 16. (B) |
| 17. (C) | 18. (A) | 19. (D) | 20. (A) | | | | |