

ECONOMICS

CHAPTER :1 NATURE & SCOPE OF BUSINESS ECONOMICS

1. The term 'Economics' owes its origin to the Greek word.

- (a) Aikonomia
- (b) Wikonornia
- (c) Oikonomia
- (d) None of the above

2. Adam Smith published his master piece "An enquiry into the nature and causes of wealth of nations" in the year _____.

- (a) 1776
- (b) 1786
- (e) 1789
- (d) 1790

3. Oikonomia means _____.

- (a) Industry
- (b) Management of household
- (c) Services
- (d) None of these

4. Economists regard decision making as important because:

- (a) The resources required to satisfy our unlimited wants and needs are finite or scarce.
- (b) It is crucial to understand how we can best allocate our scarce resources to satisfy society's unlimited wants and needs.
- (c) Resources have alternative uses.
- (d) All of the above.

5. '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

6. 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

7. According to Robbins, 'means' are:

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

8. 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.

9. In Economics, we use the term scarcity to mean:

- (a) Absolute scarcity and lack of resources in less developed countries.
- (b) Relative scarcity i.e. scarcity in relation to the wants of the society.
- (c) Scarcity during times of business failure and natural calamities.
- (d) Scarcity caused on account of excessive consumption by the rich.

10. What implication(s) does resource scarcity have for the satisfaction of wants?

- (a) Not all wants can be satisfied.
- (b) We will never be faced with the need to make choices.
- (c) We must develop ways to decrease our individual wants.
- (d) The discovery of new natural resources is necessary to increase our ability to satisfy wants.

11. Adam Smith defined Economics in terms of:

- (a) The Science of welfare
- (b) The Science of scarcity
- (c) The Science of wealth
- (d) The Science of wealth and welfare

12. Who defines Economics in terms of Dynamic Growth and Development?

- (a) Robbins
- (b) Paul A Samuelson
- (c) Adam Smith
- (d) None of these

13. In every economic system, scarcity imposes limitations on _____.

- (a) Households, business firms, governments and the nation as a whole.
- (b) Households and business firms, but not the governments.
- (c) Local and state governments, but not the federal government.
- (d) Households and governments, but not business firms.
- (e) Business firms, governments, and the nation as a whole.

14. Economic goods are considered scarce resources because they _____.

- (a) Cannot be increased in quantity.
- (b) Do not exist in adequate quantity to satisfy the requirements of the society.
- (c) Are of primary importance in satisfying social requirements.
- (d) Are limited to man made goods.

15. '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

16. Consider the following and decide which, if any, economy is without scarcity:

- (a) The pre-independent Indian economy, where most people were farmers.
- (b) A mythical economy where everybody is a billionaire.
- (c) Any economy where income is distributed equally among its people.
- (d) None of the above

17. Human wants are in response to satisfy their wants?

- (a) Unlimited
- (b) Limited
- (c) Scarce
- (d) Multiple

18. Economic goods are considered as scarce resources because _____.

- (a) Inadequate quantity to satisfy the needs of the society
- (b) Not possible to increase in quantity
- (c) Limited hands to make goods
- (d) Primary importance in satisfying social requirements

19. 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

20. All wants of an individual are not of:

- (a) Equal importance
- (b) Immediate importance
- (c) Fixed importance
- (d) All of the above

21. _____ refers to the process of selecting an appropriate alternative that will provide the most efficient means of attaining a desired end, from two or more alternative courses of action.

- (a) Decision making
- (b) Strategy
- (c) Problem Solving
- (d) Effectiveness

22. Business Economics is _____.

- (a) Abstract and applies the tools of Microeconomics.
- (b) Involves practical application of economic theory in business decision making.
- (c) Incorporates tools from multiple disciplines.
- (d) (b) and (c) above.

23. Business Economics is also known as?

- (a) Applied Economics
- (b) Managerial Economics
- (c) Micro Economics
- (d) All of the above

24. The question of choice arises because our productive resources _____.

- (a) Are limited
- (b) Can be employed in alternatives
- (c) Both (a) & (b)
- (d) None of the above

25. The management of a business unit generally needs to make _____.

- (a) Strategic Decision
- (b) Tactical Decision
- (c) Operational Decision
- (d) All of the above

26. Concept of Business Economics was given by:

- (a) Joel Dean
- (b) Alfred Marshall
- (c) Adam Smith
- (d) L. Robbins

27. Which one of the following is incorrect about Business Economics?

- (a) It is applied economics that fills the gap between economic theory and business practice.
- (b) Business Economics integrates economic theory with business practice.
- (c) Business Economics is also referred to as Managerial Economics.
- (d) Business Economics is more concerned with Macro Economics.

28. _____ defined Business Economics in terms of the use of economic analysis in the formulation of business policies.

- (a) Joel Dean
- (b) Karl Marks
- (c) Adam Smith
- (d) Schumpeter

29. Business Economics is essentially a component of _____ as it includes application of selected quantitative techniques.

- (a) Pure Economics
- (b) Applied Economics
- (c) Statistical Economics
- (d) None of the above

30. Which of the following is not included in Economics?

- (a) Family Structure
- (b) Managerial Economics
- (c) Micro Economics
- (d) Macro Economics

31. The heart of Business Economics is _____.
- (a) Micro Economic Theory of the behaviour of consumers and firms in competitive markets.
 - (b) Macro-Economic Theory of the national income
 - (c) Income Economic analysis to analyze the industry.
 - (d) All of the above.
32. Which one of the following is not a subject matter of Micro-Economics?
- (a) Behaviour of Firms
 - (b) External Value of Currency
 - (c) Factor Pricing
 - (d) Location of Industry
33. Micro economics does not study _____.
- (a) Consumer behaviour
 - (b) Factor pricing
 - (c) General price level
 - (d) Firms equilibrium
34. 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
35. The branch of economic theory that deals with the problem of allocation of resources is _____.
- (a) Micro-Economic theory.
 - (b) Macro-Economic theory.
 - (c) Econometrics.
 - (d) None of the above
36. Which of the following is not the subject matter of Business Economics?
- (a) Should our firm be in this business?
 - (b) How much should be produced and at price should be kept?
 - (c) How will the product be placed in the market?
 - (d) How should we decrease Unemployment in the economy?
37. 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
38. Micro Economics Covers:
- (a) National Income and National Output
 - (b) External Value of Currency

- (c) Overall level of Savings and Investment
- (d) Location of Industry

39. A study of how increase in the corporate income tax rate will affect the natural unemployment rate is an example of:

- (a) Micro Economics
- (b) Descriptive Economics
- (c) Micro Economics
- (d) Normative Economics

40. _____ examines how the individual units (Consumers or firms) make decisions as to how to efficiently allocate their scarce resources.

- (a) Macro Economics
- (b) Micro Economics
- (c) Mathematical Economics
- (d) Consumer Economics.

41. Which of the following falls under micro economics?

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

42. Which of these is a part of micro economics?

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

43. Micro economics is also known as _____.

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

44. Micro Economics is concerned with:

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

45. Macro Economics is also called _____ economics.

- (a) Applied
- (b) Aggregate
- (c) Experimental
- (d) None of the above

46. Which of the following does not suggest a macro approach for India?

- (a) Determining the GNP of India.
- (b) Finding the causes of failure of ABC Ltd.
- (c) Identifying the causes of inflation in India.
- (d) Analyse the causes of failure of industry in providing large scale employment

47. Macro Economics is the study of _____.

- (a) All aspects of scarcity.
- (b) The national economy and the global economy as a whole.
- (c) Big businesses.
- (d) The decisions of individual businesses and people.

48. A study of how increases in the corporate income tax rate will affect the national unemployment rate is an example of _____.

- (a) Macro-Economics.
- (b) Descriptive Economics.
- (c) Micro-economics.
- (d) Normative economics.

49. 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 the above

50. Macro economics include _____.

- (a) Product pricing
- (b) Consumer behaviour
- (c) External value of money
- (d) Location of industry

51. Which of the following is not a subject matter of Micro-economies?

- (a) The price of mangoes.
- (b) The cost of producing a fire truck for the fire department of Delhi, India.
- (c) The quantity of mangoes produced for the mangoes market.
- (d) The national economy's annual rate of growth.

52. Which of the following would be considered a topic of study in Macro-economics?

- (a) The effect of increase in wages on the profitability of cotton industry
- (b) The effect on steel prices when more steel is imported
- (c) The effect of an increasing inflation rate on living standards of people in India
- (d) The effect of an increase in the price of coffee on the quantity of tea consumed

53. 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

54. The Macro Economics does not cover the area of _____.

- (a) General price level and interest rates
- (b) Level of employment and rate of economic growth
- (c) Balance of trade & Balance of payments
- (d) Product Pricing.

55. Shyam : This year due to heavy rainfall my option crop was damaged

Krishna: Climates affects crop yields. Some years are bad, other are good

Hari: Don't worry – Price increase will compensate for the fall in quantity supplied

Radhe: The Government ought to guarantee that our income will not fall.

In this conversation, the normative statement is made by

- (a) Shyam
- (b) Krishna
- (c) Hari
- (d) Radhe

56. Business Economics enables application of economic logic and analytical tools to _____.

- (a) Bridge the gap between theory and practice.
- (b) Increase the implementation science.
- (c) Increase the effectiveness.
- (d) Apply tools of Macroeconomics.

57. Business Economics relies heavily on the techniques of _____.

- (a) Micro Economics
- (b) Macro Economics
- (c) Normative Science only
- (d) Economics discipline only.

58. Which of the following is a normative statement?

- (a) Planned economies allocate re-sources via government departments.
- (b) Most transitional economies have experienced problems of falling output and rising prices over the past decade.
- (c) There is a greater degree of consumer sovereignty in market economies than planned economies.
- (d) Reducing inequality should be a major priority for mixed economies

59. An example of 'positive' economic analysis would be:

- (a) An analysis of the relationship between the price of food and the quantity purchased.
- (b) Determining how much income each person should be guaranteed.
- (c) Determining the 'fair' price for food.
- (d) Deciding how to distribute the output of the economy.

60. Business Economics is _____ in its approach as it tackles practical problems which the firm faces in the real world.

- (a) Scientific
- (b) Programmatic

- (c) Theoretical
- (d) Mathematical

61. The difference between positive and normative Economics is:

- (a) Positive Economics explains the performance of the economy while normative Economics finds out the reasons for poor performance.
- (b) Positive Economics describes the facts of the economy while normative Economics involves evaluating whether some of these are good or bad for the welfare of the people.
- (c) Normative Economics describes the facts of the economy while positive Economics involves evaluating whether some of these are good or bad for the welfare of the people.
- (d) Positive Economics prescribes while normative Economics de-scribes.

62. Normative aspect of Economics is given by:

- (a) Marshall
- (b) Robbins
- (c) Adam Smith
- (d) Samuelson

63. Normative Economics is based on:

- (a) Ethical Considerations
- (b) Facts and Generalization
- (c) What is?
- (d) All of the above

64. 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

65. In inductive method, logic proceeds from:

- (a) General to Particular
- (b) Particular to General
- (c) Both (a) and (b)
- (d) None of these

66. Which of the following is a normative economic statement?

- (a) Unemployment rate decreases with industrialization
- (b) Economics is a social science that studies human behaviour.
- (c) The minimum wage should be raised to ₹ 200 per day
- (d) India spends a huge amount of money on national defence.

67. Ram: My corn harvest this year is poor.

Krishan: Don't worry. Price increases will compensate for the fall in quantity supplied.

Vinod: Climate affects crop yields. Some years are bad, others are good.

Madhu: The Government ought to guarantee that our income will not fall.

In this conversation, the normative statement is made by

- (a) Ram
- (b) Krishan

- (c) Vinod
- (d) Madhu

68. Positive science only explains _____

- (a) What is?
- (b) What ought to be?
- (c) What is right or wrong
- (d) None of the above

69. Under Inductive method logic proceeds from:

- (a) General to particular
- (b) Positive to normative
- (c) Normative to positive
- (d) Particular to general

70. _____ analyses causes and effect relationship between variables in an objective and scientific manner.

- (a) Positive Science
- (b) Normative Science
- (c) Negative Science
- (d) Analytical Science

71. Business Economics is generally in nature.

- (a) Normative
- (b) Prescriptive
- (c) Normative or Prescriptive
- (d) Theoretical

72. Which of the following statements is incorrect?

- (a) Business economics is normative in nature.
- (b) Business Economics has a close connection with statistics.
- (c) Business Economist need not worry about macro variables.
- (d) Business Economics is also called Managerial Economics.

73. Under Inductive method, the logic proceeds from:

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

73A. Who gave the positive aspect of science?

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

74. Although business economics combines the essentials of normative and positive economic theory but the emphasis is on :

- (a) Positive

- (b) Normative
- (c) Both Positive and Normative
- (d) Neither Positive nor Normative.

75. Business Economics is _____.

- (a) Normative in nature
- (b) Interdisciplinary in nature
- (c) Both
- (d) None

76. 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

77. "Economics is neutral between ends". The statement is given by:

- (a) L. Robbins
- (b) Mrs. Joan
- (c) Alfred Marshall
- (d) A.C. Pigou

78. Economics which is concerned with welfare propositions is called _____.

- (a) Socialistic economics
- (b) Capitalistic economics
- (c) Positive economics
- (d) Normative economics

79. The Business Economics incorporates tools from other disciplines such as Mathematics, operations Research, Management theory, Accounting, etc. Therefore, Business Economics is

- (a) Intra-disciplinary
- (b) Inter-disciplinary
- (c) Multi-disciplinary
- (d) Flexi-disciplinary

80. Under inductive method logic proceeds from:

- (a) General to particular
- (b) Positive to narrative
- (c) Normative to positive
- (d) Particular to general

81. Business Economics involves the elements of _____.

- (a) Micro Environment
- (b) Macro Environment
- (c) Both (a) and (b)
- (d) None of the above.

82. 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

83. Business economy involves theory of Business economics with _____.

- (a) Normative Economics
- (b) Business practices
- (c) Micro Economics
- (d) Macro Economics

84. The operational or interval issues to which economic theories can be directly applied are related with.

- (a) Micro Economics
- (b) Macro Economics
- (c) Business Economics
- (d) Environmental Economics

85. Which factor is included in business Economics?

- (a) Business Economics is an art
- (b) Inter-disciplinary in nature
- (c) Normative in nature
- (d) All of the above

86. Applied economics includes _____.

- (a) Regression analysis and Mathematical linear programming
- (b) Capital budgeting
- (c) Both (a) and (b)
- (d) None

87. Which of the following is not within the scope of Business Economics?

- (a) Capital Budgeting
- (b) Risk Analysis
- (c) Business Cycles
- (d) Accounting Standards

88. _____ explains the relationship between inputs and output.

- (a) Production Theory
- (b) Demand Analysis
- (c) Inventory Management
- (d) None of the above

89. Business Economics with the help of advanced tools like _____ enables the firm to arrive at the best course of action for optimum utilisation of available resources.

- (a) Accounting
- (b) Finance
- (c) Linear Programming
- (d) Marketing Mix

90. Business Economists use method(s) _____ to maintain optimum stock of inventories.

- (a) ABC Analysis
- (b) Simple simulation exercises
- (c) Mathematical models
- (d) All of the above

91. Which of the following Macro-Economic Factor is considered in Business Economics?

- (a) Business Cycles
- (b) Employment, Prices
- (c) Saving & investment
- (d) All of the above.

92. Which of the following statement is false?

- (a) The Resources are limited.
- (b) The Resources have alternative uses.
- (c) If resources are unlimited, people would be able to satisfy all their wants.
- (d) The economics problem arises because resource has only a single use.

93. Which of the following economic system has to deal with the control problem of scarcity of resources?

- (a) Capitalist
- (b) Socialist
- (c) Mixed
- (d) All of the above

94. 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 jobseeker.

95. A developed economy uses technique in production.

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

96. The central problem in economics is that of _____.

- (a) Comparing the success of command versus market economies.
- (b) Guaranteeing that production occurs in the most efficient manner.
- (c) Guaranteeing a minimum level of income for every citizen.
- (d) Allocating scarce resources in such a manner that society's un-limited needs or wants are satisfied in the best possible manner.

97. Capital intensive technique would get chosen in a _____.

- (a) Labour surplus economy where the relative price of capital is lower.
- (b) Capital surplus economy where the relative price of capital is lower.

- (c) Developed economy where technology is better.
- (d) Developing economy where technology is poor.

98. Which of the following is not a part of central economic Problem?

- (a) What to Produce?
- (b) How to Produce?
- (c) For whom to Produce?
- (d) Price fixation of Production.

99. refers to the sum total of arrangements for the production and distribution of goods and services in a Society.

- (a) Economic System
- (b) Social System
- (c) Business system
- (d) Comprehensive System

100. Economic Problem arises when:

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

101. Which of the following is not one of the four central questions that the study of economics is supposed to answer?

- (a) Who produces what ?
- (b) When are goods produced?
- (c) Who consumes what?
- (d) How are goods produced?

102. The classification of economies into Capitalist, Socialist and Mixed is based on their:

- (a) Mode of Production, exchange and distribution
- (b) Government's role in economic activity.
- (c) Both (a) and (b)
- (d) Neither (a) nor (b)

103. The choice between labour and Capital intensive techniques is related with.

- (a) What to Produce?
- (b) How to Produce?
- (c) For whom to Produce
- (d) All of the above.

104. Which one of the following is not an example of capitalist economy?

- (a) Japan
- (b) Mexico
- (c) Germany
- (d) Cuba

105. Freedom of choice is the advantage of _____.

- (a) Socialism
- (b) Capitalist
- (c) Mixed economy
- (d) None of the above

106. A capitalist economy consists of _____.

- (a) Central planning authority
- (b) A mechanism to decide as what, how and for whom to produce
- (c) Both (a) and (h)
- (d) None of the above

107. In a free market economy the allocation of resources is determined by _____.

- (a) Voting done by consumers
- (b) A central planning authority.
- (c) Consumer preferences.
- (d) The level of profits of firms.

108. A capitalist economy uses _____ as the principal means of allocating resources.

- (a) Demand
- (b) Supply
- (c) Efficiency
- (d) Prices

109. Price Mechanism is the main feature of which economy _____.

- (a) Capitalistic Economy
- (b) Mixed Economy
- (c) Socialist Economy
- (d) All of the above

110. Which out of these are the feature of capitalism?

- (i) Profit motive
 - (ii) Human welfare
 - (iii) Work through price mechanism
- (a) (i) and (ii)
 - (b) (ii) and (iii)
 - (c) (i) and (iii)
 - (d) All of these

111. _____ is an economic system in which all means of production are owned and controlled by private individuals for profit.

- (a) Capitalist
- (b) Socialist
- (c) Mixed
- (d) None of the above

112. Which of the following is considered as a disadvantage of allocating resources using the market system?

- (a) Income will tend to be unevenly distributed.

- (b) People do not get goods of their choice.
- (c) Men of Initiative and enterprise are not rewarded.
- (d) Profits will tend to be low.

113. Exploitation and inequality will be more in _____.

- (a) Socialism
- (b) Capitalism
- (c) Mixed
- (d) All of the above

114. _____ means that buyers ultimately determine which goods and services will be produced and in what quantities.

- (a) Capitalist Economic
- (b) Socialist Economy
- (c) Mixed Economy
- (d) Consumer Sovereignty

115. 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

116. The economic system in which all the means of production are owned and controlled by private individuals for profit.

- (a) Socialism
- (b) Capitalism
- (c) Mixed economy
- (d) Communism

117. 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

118. Capitalistic Economy uses as principal means of allocating resources.

- (a) Demand
- (b) Supply
- (c) Price
- (d) All of the above

119. In a capitalist economy, allocation of resources is done by:

- (a) Producers
- (b) Government
- (c) Planners

(d) Price mechanism

120. A Free Market economy solves its Central Problems through _____.

- (a) Planning authority
- (b) Market mechanism
- (c) Both
- (d) None

121. 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.

122. Which one is not the characteristic of capitalistic economy?

- (a) Profit motive
- (b) Income inequality
- (c) Free employment
- (d) Collective ownership

123. Capitalistic Economy uses as principal means of allocating resources.

- (a) Demand
- (b) Supply
- (c) Price
- (d) All of the above

124. Which one of the following is not true about capitalist economy?

- (a) There is freedom of economic choice.
- (b) Profit motive is the driving force.
- (c) It is also called as free market economy or laissez Faire economy.
- (d) Producer is the king under capitalism

125. The merits of Capitalist economy do not include:

- (a) Faster process of economic growth
- (b) Efficient economic decisions and their implementation
- (c) Incentives for innovation and technological progress
- (d) Welfare of labour

126. 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.

127. 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

128. Where does price mechanism exists?

- (a) Capitalist Economy
- (b) Socialist Economy
- (c) Both type of economies
- (d) None of the above.

129. In which among the following systems the 'right to property' exists _____.

- (a) Mixed economy
- (b) Capitalist economy
- (c) Socialist economy
- (d) Traditional economy

130. 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

131. Capitalistic Economy user _____ as principal means of allocating resources:

- (a) Demand
- (b) Supply
- (c) Price
- (d) All of the above

132. Which of the following is not demerit of Capitalism?

- (a) Precedence of property rights over human rights.
- (b) Misallocation of resources.
- (c) Punishment for inefficient & imprudent men.
- (d) Environmental degradation due to excessive materialism.

133. Freedom of choice is the advantage of _____.

- (a) Socialism
- (b) Capitalism
- (c) Mixed Economy
- (d) Communism

134. Under a free economy, prices are:

- (a) Regulated
- (b) Determined through free inter-play of demand and supply
- (c) Partly regulated
- (d) None of these

135. Which of the following statements does not apply to a market economy?

- (a) Firms decide whom to hire and what to produce.
- (b) Firms aim at maximizing profits.
- (c) Households decide which firms to work for and what to buy with their incomes.

(d) Government policies are the primary forces that guide the decisions of firms and households.

136. 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

137. Freedom of choice is the advantage of _____.

- (a) Socialism
- (b) Capitalism
- (c) Communism
- (d) None of the above

138. A Capitalist Economy follows the policy of:

- (a) Laissez faire
- (b) Regulated markets
- (c) Promoting public sector
- (d) None of the above

139. In a capitalist economy the allocation of resources is performed by:

- (a) Producers
- (b) Government
- (c) Planners
- (d) Price mechanism

140. The Concept of socialist economy was propounded by _____.

- (a) Karl Mark
- (b) Frederic Engels
- (c) Adam Smith
- (d) Both (a) & (b)

141. Socialist economy is _____.

- (a) Self regulation
- (b) Profit Oriented
- (c) Command economy
- (d) Allocation of resources as per market requirements

142. Exploitation and inequality are minimal under:

- (a) Socialism
- (b) Capitalism
- (c) Mixed economy
- (d) None of the above

143. Socialist Economy was pro-pounded by:

- (a) Karl Marx
- (b) Samuelson
- (c) A.C. Pigou

(d) Adam Smith

144. Socialist economy is also called as _____.

- (a) Command Economy
- (b) Centrally Planned Economy
- (c) Free market Economy
- (d) Both (a) & (b)

145. Although Price mechanism exists in _____, but it has only a secondary role.

- (a) Capitalist economy
- (b) Socialist economy
- (c) Mixed Economy
- (d) Price Economy.

146. Inequalities of income do not perpetuate in _____.

- (a) Socialism
- (b) Mixed economy
- (c) Capitalism
- (d) None

147. Administered prices refer to:

- (a) Prices determined by forces of demand and supply
- (b) Prices determined by sellers in the market
- (c) Prices determined by an external authority which is usually the government
- (d) None of the above

148. Socialism ensures _____.

- (a) Rapid growth and balanced development
- (b) Right to work
- (c) Incentives for efficient economic decisions
- (d) Both (a) and (b)

149. The erstwhile U.S.S.R. is an example of _____ economy.

- (a) Capitalist
- (b) Socialist
- (c) Mixed
- (d) Price

150. Which one of the following is Not a feature of socialist economy?

- (a) Collective ownership
- (b) Absence of consumer choice
- (c) Minimum role of Price Mechanism
- (d) High Competition

151. Which of the following is an example of Socialist economy?

- (a) Erstwhile U.S.S.R.
- (b) North Korea
- (c) China and Cuba

(d) All of the above

152. The demerits of Socialism do not include:

- (a) Predominance of bureaucracy
- (b) Red tapism & favoritism
- (c) Corruption
- (d) Consumer Sovereignty

153. Under _____, the Consumers have no freedom of choice.

- (a) Capitalist
- (b) Socialist
- (c) Mixed
- (d) None of the above

154. Socialist Economy is also known as _____.

- (a) Mixed Economy
- (b) Planned Economy
- (c) Capitalist Economy
- (d) None of the above

155. In which economy market and government both play on important role?

- (a) Mixed economy
- (b) Socialistic economy
- (c) Capitalistic economy
- (d) Business economy

156. Which economic system is de-scribed by Schumpeter as capitalism in the oxygen tent?

- (a) Laissez-faire Economy
- (b) Command Economy
- (c) Mixed Economy
- (d) Agrarian Economy

157. The Government itself must run important and selected industries and eliminate the free play of profit motive and self-interest. It is applicable in case of economy.

- (a) Capitalist
- (b) Socialist
- (c) Mixed
- (d) Price

158. 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

159. 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

160. Which of the following are the features of a mixed economy?

- (a) Planned economy
- (b) Dual system of pricing exists
- (c) Balance regional development
- (d) All of the above

161. In a mixed economy _____.

- (a) All economic decisions are taken by the central authority.
- (b) All economic decisions are taken by private entrepreneurs.
- (c) Economic decisions are partly taken by the state and partly by the private entrepreneurs.
- (d) None of the above.

162. Dual system of pricing exist in:

- (a) Free market economy
- (b) Socialistic economy
- (c) Mixed economy
- (d) None of the above

163. Which Economic System is de-scribed by Schumpeter as 'capitalism in the oxygen tent'?

- (a) Laissez- Faire Economy
- (b) Command Economy
- (c) Mixed Economy
- (d) Agrarian Economy

164. The existence of three sectors of industries (Private, Public and Combine sector) is one of the futures of _____.

- (a) Capitalist
- (b) Socialist
- (c) Mixed
- (d) Price

165. 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

166. 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

167. _____ is a sector in which both the government and the private enterprises have equal access and join hands to produce commodities and services, leading to the establishment of joint sector.

- (a) Private Sector

- (b) Public Sector
- (c) Combined sector
- (d) Price

168. In India Mixed Economy exists due to:

- (a) Coexistence of public sector and private sector.
- (b) Individual forces of demand and supply.
- (c) Orders by government.
- (d) None of these.

169. Larger production of _____ goods would lead to higher production in future.

- (a) Consumer goods
- (b) Capital goods
- (c) Agricultural goods
- (d) Public goods

170. _____ refers to the work area where surplus manpower is employed out of which some individuals have zero or almost zero marginal productivity, such that if they are removed the total level of output remains unchanged.

- (a) Voluntary
- (b) Disguised
- (c) Structural
- (d) Technological

171. Which of the following statements is incorrect?

- (a) Alfred Marshall propagated the wealth definition of Economics
- (b) L. Robbins introduces the "Scarcity" definition of Economics
- (c) Samuelson emphasized upon the "growth" aspect of Economics
- (d) A.C. Pigou believed in "welfare" aspect of Economics

172. Who has defined economics as "Science which deals with wealth"?

- (a) Adam Smith
- (b) Canon
- (c) J.B. Say
- (d) A.C. Pigou

173. Who is the author of "The Nature and causes of wealth of Nation"?

- (a) Karl Marx
- (b) Adam Smith
- (c) JB Say
- (d) AC Pigou

174. "Features of the book wealth of _____.

- (a) It was the first book user on economics
- (b) It was created in 1776.
- (c) It was also known as 'wealth of nations' nations'.
- (d) All of the above.

