

CH: 1 NATURE & SCOPE OF BUSINESS ECONOMICS

ICAI QUESTION

Multiple Choice Questions

1. 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 the above.
2. 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.
3. 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.

4. 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.
5. Which of the following is a normative statement?
- (a) Planned economies allocate resources 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.
6. 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.
7. Macroeconomics is also called—— economics.
- (a) applied
 - (b) aggregate
 - (c) experimental
 - (d) none of the above
8. 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.
9. 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.

10. 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

11. 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**

12. 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.
13. 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.
14. 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.
15. 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?
16. 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.
17. Which of the following would be considered a topic of study in Macroeconomics?
- (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
18. 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 describes.
19. Which of the following is not within the scope of Business Economics?
- (a) Capital Budgeting
 - (b) Risk Analysis
 - (c) Business Cycles
 - (d) Accounting Standards
20. 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.
21. 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.

22. 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.
23. A capitalist economy uses _____ as the principal means of allocating resources.
- (a) demand
 - (b) supply
 - (c) efficiency
 - (d) prices
24. 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.
25. 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.
26. 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.
27. 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 unlimited needs or wants are satisfied in the best possible manner.

28. 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.
- (e) Mixed economy
- (f) None of the above

29. 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

30. In Economics, the central economic problem means:

- (a) Output is restricted to the limited availability of resources
- (b) Consumer do not have as much money as they would wish
- (c) There will always be certain level of unemployment
- (d) Resources are not always allocated in an optimum way

31. Scarcity definition of Economics is given by-

- (a) Alfred Marshall
- (b) Samuelson
- (c) Robinson
- (d) Adam Smith

32. The definition "Science which deals with wealth of Nation" was

given by:

- (a) Alfred Marshall
- (b) A C Pigou
- (c) Adam Smith
- (d) J B Say

33. Which of the following is not one of the features of capitalist economy?

- (a) Right of private property
- (b) Freedom of choice by the consumers
- (c) No profit, No Loss motive
- (d) Competition

34. There is need of economic study, because –

- (a) The resources are limited
- (b) The wants are unlimited
- (c) The resources are unlimited
- (d) Both a and b

35. The benefit of economic study is –

- (a) It ensure that all problems will be appropriately tackled
- (b) It helps in identifying problems
- (c) It enable to examine a problem in its right perspective
- (d) It gives exact solutions to every problem

36. The managerial economics –

- (a) Is Applied Economics that fills the gap between economic theory and business practice
- (b) Is just a theory concept
- (c) Trains managers how to behave in recession
- (d) Provides the tools which explain various concepts

37. Which of the following statements is correct?

- (a) Micro economics is important for study of a particular household and a particular firm
- (b) Macroeconomics is important for study of economic conditions of a country

- (c) None of the above
- (d) Both a and b
38. Mr. Satish hired a business consultant to guide him for growth of his business. The consultant visited his factory and suggested some changes with respect to staff appointment, loan availability and so on. Which approach is that consultant using?
- (a) Micro economics
- (b) Macro economics
- (c) None of the above
- (d) Both a and b
39. Profit motive is a merit of
- (a) Socialism
- (b) Capitalism
- (c) Mixed economy
- (d) None of the above
40. _____ is also called as command economy
- (a) Socialist
- (b) Capitalist
- (c) Mixed economy
- (d) None of the above
41. Which of the following statements is/are correct regarding business economics?
- (a) Business economics attempts to indicate how business policies are firmly rooted in economic principles.
- (b) Business economics uses micro economic analysis of the business unit and macro-economic analysis of business environment.
- (c) Business economics takes a pragmatic approach towards facilitating an integration between economic theory and business practices.
- (d) All the above.
42. Unlimited ends and limited means together present the problem of _____.

- (a) Scarcity of resources
 - (b) Choice
 - (c) Distribution
 - (d) None of the above
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- (a) Micro economics is important for study of a particular household and a particular firm
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- (a) Scarcity of resources
- (b) Choice
- (c) Distribution
- (d) None of the above

ANSWERS

The logo for 'ANS teach' features a stylized, abstract design composed of overlapping yellow and orange curved shapes that form a triangular, mountain-like structure. Below this graphic, the text 'ANS teach' is written in a large, bold, white sans-serif font. Underneath that, the phrase 'LEARN TOGETHER' is written in a smaller, all-caps, yellow sans-serif font.

ANS teach
LEARN TOGETHER

1.	(d)	2	(d)	3	(b)	4.	(a)	5.	(d)	6.	(a)
7.	(b)	8.	(a)	9.	(a)	10.	(b)	11.	(d)	12.	(d)
13.	(d)	14.	(a)	15.	(d)	16.	(c)	17.	(c)	18.	(b)
19.	(d)	20.	(c)	21.	(b)	22.	(c)	23.	(d)	24.	(a)
25.	(d)	26.	(c)	27.	(d)	28.	(b)	29.	(b)	30.	(b)
31.	(b)	32.	(b)	33.	(b)	34.	(a)	35.	(c)	36.	(a)
37.	(c)	38.	(c)	39.	(c)	40.	(d)	41.	(c)	42.	(a)
43.	(d)	44.	(a)	45.	(b)	46.	(a)	47.	(d)	48.	(b)

ADDITIONAL QUESTION

1. 'Economics Is The Study Of Making In The Ordinary Business Of Life' Was Given By :
a) Adam Smith
b) Lord Robbins
c) **Alfred Marshall**
d) Samuelson
2. .The Branch Of Economics 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
4. A Study Of How Increase In The Corporate Income Tax Rate Will Affect The Natural Unemployment Rate Is An Example Of :
1. **Macro Economics**
2. Descriptive Economics
3. Micro Economics
4. Normative Economics
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, Price 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) Undefined
- d) All Of These

10. According To Robbins, 'Means' Are

- a) Scarce**
- b) Unlimited
- c) Undefined
- d) All Of These

11. 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 .

12. 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**

13. Who Defines Economics In Terms Of Dynamic Growth And Development ?

- a) Robbins
- b) Paul A Samuelson**
- c) Adam Smith
- d) None

14. A Free Market Economy Solves Its Central Problems Through

- a) Planning Authority
- b) Market Mechanism**
- c) Both
- d) None

15. Normative Aspect Of Economics Is Given By :

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

16. Which One Is Not The Characteristic Of Capitalistic Economy?

- a) Profit Motive
- b) Income Inequality
- c) Free Employment
- d) Collective Ownership**

17. Mixed Economy Means

- a) All Economic Decision Are Taken By Central Authority
- b) All Economic Decisions Are Taken By Private Entrepreneurs
- c) Economic Decision Are Partly By Private Entrepreneurs**
- d) None Of These

18. Capitalistic Economy Uses -----As Principal Means Of Allocating Resources .

- a) Demand
- b) Supply

c) **Price**

d) All Of The Above

19. Economic Problem Arises When :

a) Wants Are Limited

b) Resource Are Limited

c) Alternative Uses Of Resources

d) **All Of The Above**

20. Micro Economic Is Also Know As -----

a) Public Economic

b) Price Theory

c) Income Theory

d) **Demand Theory**

21. A Developed Economy Uses -----Technique In Production

a) Labor Intensive .

b) **Capital Intensive**

c) Home-Based

d) Traditional

22. 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 .

23. 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

24. Micro Economics Is Concerned With :

a) Consumer Behavior

b) Product Pricing

c) Factor Pricing

d) **All Of The Above**

25. Who Gave The Positive Aspect Of Science ?

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

26. 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

27. Which Of These Is A Part Of Micro Economics?

- a) **Factor Pricing**
- b) National Income
- c) Balance Of Payment
- d) None

28. 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**

29. In A Capitalist Economy The Allocation Of Resources Is Performed By :

- a) Producers
- b) Government
- c) Planners
- d) **Price Mechanism**

30. 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 Emphasized In "Welfare" Aspect Of Economics
- d) A.C Piou Believed In "Welfare" Aspect Of Economics

31. Inequalities Of Income Do Not Perpetuate In -----

- a) **Socialism**
- b) Mixed Economy
- c) Capitalism
- d) None

32. Which Of The Following Are The Features At A Mixed Economy ?

- a) Planned Economy
- b) Dual System Of Pricing Exists
- c) Balanced Regional Development
- d) **All Of The Above**

33. Normative Economics Is Based On

- a) **Ethical Considerations**
- b) Facts And Generalization
- c) What Is ?
- d) All Of The Above

34. Dual System Of Pricing Exist In :

- a) Free Market Economy
- b) Socialistic Economy
- c) **Mixed Economy**
- d) None Of The Above

35. In Inductive Method, Logic Proceeds From :

- a) General To Particular
- b) **Particular To General**
- c) Both (A) And (B)
- d) None Of These

36. In A Capitalist Economy, Allocation Of Resources Is Done By :

- a) Producers
- b) Government
- c) Planners
- d) **Price Mechanism**

37. A Capitalist Economy Follows The Policy Of :-

- a) **Laissez Faire**
- b) Regulated Markets
- c) Promoting Public Sector
- d) None Of The Above

38. '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

39. Which Of The Following Is A Part Of The Subject Matter Of Macro Economics?

- a) Study Of Firm
- b) Aggregate Profits Of A Firm
- c) Market Demand For A Product
- d) **Net National Product**

40. 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

41. 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

42. A Free Market Economy's Driving Force Is :

- a) **Profit Motive**
- b) Welfare Of The People
- c) Rising Income And Level Of Living
- d) None Of The Above

43. "Economics Is Neutral Between Ends". The Statement Is Given By :

- a) **L. Robbins**
- b) Mrs. Joan
- c) Alfred Marshall
- d) A.C. Pigon

44. 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

45. Where Does Price Mechanism Exists ?

- a) **Capitalist Economy**
- b) Socialist Economy
- c) Both Type Of Economies
- d) None Of The Above

46. Economics Which Is Concerned With Welfare Proposition Is Called

- a) Socialistic Economies
- b) Capitalistic Economics
- c) Positive Economics
- d) **Normative Economics**

47. In Which Among The Following Systems The 'Right To Property' Exists

- a) Mixed Economy
- b) **Capitalist Economy**
- c) Socialist Economy
- d) Traditional Economy

48. Positive Science Only Explains .

- a) **What Is ?**

- b) What Ought To Be ?
- c) What Is Right Or Wrong
- d) None Of The Above

49. Socialist Economy Is Also Known As .

- a) Mixed Economy
- b) Planned Economy
- c) Capitalist Economy
- d) **None Of The Above**

50. Who Has Defined Economics As "Science Which Deals With Wealth" ?

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

51. 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

52. 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.
- a) **Particular To General**

53. All Wants Of An Individual Are Not Of :

- a) **Equal Importance**

- b) Immediate Importance
- c) Fixed Importance
- d) All Of The Above
- a) Diminishing Utility Curve

54. Who Is The Author Of "The Nature And Causes Of Wealth Of Nation"?

- a) Karla Marx
- b) Adam Smith**
- c) J B Say
- d) A C Pigou

55. Micro Economics Does Not Study

- a) Consumer Behavior
- b) Factor Pricing
- c) General Price Level**
- d) Firms Equilibrium

56. 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 .

57. 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 .**

58. Micro Economics Is The Study Of :

- a) Individual Parts Of The Economy.**
- b) The Parts Of The Economy.
- c) Choice Making .

d) Development Of The Economy.

59. According To ----- "Economics Is A Science Which Deals With Wealth".

- a) Walker .
- b) Fairchild
- c) Adam Smith
- d) **J.B. Say**

60. Freedom Of Choice Is The Advantage Of

- a) Socialism .
- b) **Capitalism .**
- c) Mixed Economy .
- d) Communism .

61. 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

62. An Economics 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

63. Which Economic System Is Described By Schumpeter As 'Capitalism In The Oxygen Tent' ?

- a) Laissez – Faire Economy .
- b) Courmand Economy.

- c) **Mixed Economy**
- d) Agrarian Economy.

64. 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

65. Socialist Economy Was Propounded By :

- a) **Karl Marx**
- b) Samuelson
- c) A.C. Pigou
- d) Adam Smith

66. Concept Of Business Economics Was Given By :

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

67. 'Features Of The Book Wealth Of Nations'

- a) It Was The First Book User On Economics .
- b) It Was Created In 1776
- c) It Was Also Known As 'Wealth Of Nations'
- d) **All Of The Above .**

68. 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 .

69. Capitalistic Economy User -----As Principal Means Of Allocating Resources :

- a) Demand
 - b) Supply
 - c) Price**
 - d) All Of The Above
- a)**

70. Human Wants Are ----- In Response To Satisfy Their Wants ?

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

71. Price Mechanism Is The Main Feature Of Which Economy ?

- a) Capitalistic Economy**
- b) Mixed Economy
- c) Socialist Economy
- d) All Of The Above

72. Business Economics Is Also Known As ?

- a) Applied Economics
- b) Managerial Economic**
- c) Micro Economics
- d) All Of The Above

73. Business Economy Involves Theory Of Business Economics With ----- .

- a) Normative Economics .
- b) Business Practices .**
- c) Micro Economics .
- d) Macro Economics .

74. Which Is Not Included In Economics ?

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

75. Business Economics Involves The Elements Of .

- a) Micro Environment
- b) Macro Environment
- c) Both (A) & (B)**
- d) None Of The Above

76. In Which Economy Market And Government Both Play On Important Role ?

- a) Mixed Economy**
- b) Socialistic Economy
- c) Capitalistic Economy
- d) Business Economy

77. Which Factor Is Included In Business Economics ?

- a) Business Economics Is An Art
- b) Interdisciplinary In Nature
- c) Normative In Nature
- d) All Of The Above**

78. Which Out Of These Are The Feature Of Capitalism ?

- i) Profit Motive.
 - ii) Human Welfare
 - iii) Work Through Price Mechanism
- a) (I) & (II)
 - b) (II) & (III)
 - c) (I) & (III)**
 - d) All Of These

79. Business Economics Is

- a) Normative In Nature**
- b) Interdisciplinary
- c) Both
- d) None

80. Socialism Ensures

- a) Rapid Growth And Balanced Development
- b) Right To Work
- c) Incentives For Efficient Economic Decisions
- d) Both (A) & (B)**

81. Macroeconomics Include

- a) Product Pricing
- b) Consumer Behavior
- c) External Value Of Money**
- d) LocationOf Industry

82. Exploitation And Inequality Will Be More In -----

- a) Socialism
- b) Capitalism**
- c) Mixed
- d) All Of The Above

83. **Shyam**: This Year Due To Heavy Rainfall My Onion Crop Was Damaged
Krishna :Climates Affects Crop Yields . Some Year Are Bad, Others 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**

84. 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) & (B)
- d) None Of The Above

85. Applied Economics Includes

- a) Regression Analysis and Mathematical Linear Programming
- b) Capital Budgeting
- c) Both (A) & (B)**

86. Freedom Of Choice Is The Advantage Of -----

- a) Socialism

b) Capitalist

c) Mixed Economy

87. Socialist Economy Is -----

a) Self-Regulation

b) Profit Oriented

c) Command Economy

d) Allocation Of Resources As Per Market Requirements

88. Under pragmatic approach, micro economics is abstract and purely _____ nature and takes _____ assumptions

(a) Pragmatic, Unrealistic

(b) Practical, Realistic

(c) Theoretical, Unrealistic

(d) Theoretical, Realistic

89. Which of the following is subject matter of macroeconomics?

(a) Behaviour of firms

(b) Factor Pricing

(c) Overall level of savings and investments

(d) The economic condition of section of people

90. Mr. X had been given a task to segregate normative and non-normative statements. Help him to identify which one of these is normative economic statement?

(a) Pollution level is rising day by day because of urbanization

(b) The part time working hours of students should be increased to 25 hours per week

(c) Due to the increased number of cars on roads, people will be stuck in traffic jams

(d) The government has allotted a major portion of revenue in defense.

91. What is the nature of business economics, which is an applied branch of economics?

- (a) It is positive in nature
- (b) It is normative in nature
- (c) It is neutral in nature
- (d) It is both positive as well as normative in nature

92. Which statement differentiates business economics from economics?

- (a) It is abstract in nature
- (b) It is narrow concept than economics
- (c) It is no different from economics
- (d) It is pragmatic in nature

The logo for 'ANS teach' features a stylized, abstract design composed of several overlapping, curved, triangular shapes in shades of yellow and orange, creating a sense of motion and learning. Below this graphic, the text 'ANS teach' is written in a large, bold, white sans-serif font. Underneath that, the phrase 'LEARN TOGETHER' is written in a smaller, all-caps, yellow sans-serif font.

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LEARN TOGETHER

Sep 2024

1. price in capitalist economy is determined by:

- (a) small private firms
- (b) Big corporates

(c) Markets force of demand and supply

- (d) Governments

2. Sarah, runs a lemonade stall, her decision-making process involves assessing the demand for her lemonade, pricing strategies, and maximizing her profit within the limited scope of her small business. Which level of the economy does Sarah's lemonade stall represent ?

- (A) Macro Economy
- (B) Global Economy
- (C) Micro Economy
- (D) National Economy

3. In which economy, the material means of production i.e. factories, capital, mines, etc. are owned by the whole community represented by the State ?

- (A) Socialist Economy
- (B) Capitalist Economy
- (C) Mixed Economy
- (D) Communist Economy

4. Which of the following is related with the total arrangements for the production and distribution of goods and services in a society ?

- (A) Economic Problem
- (B) Economic Choice
- (C) Economic System
- (D) Economic Institution

5. Business Economics is basically concerned with :

- (A) Applied Economics
- (B) Managerial Economics
- (C) Micro Economics
- (D) Macro Economics

JAN 2025

1. "Buyers ultimately determine which goods and services will be produced and in what quantities." The given statement is the meaning of:
- (A) Planned economy
 - (B) Consumer Sovereignty**
 - (C) Freedom of economic choice
 - (D) Freedom of enterprise
2. Which of the following is not one of the four basic economic problems of an economy?
- (A) What to produce?
 - (B) Where to produce?**
 - (C) For whom to produce?
 - (D) What provisions are to be made for economic growth?
3. Finance minister was discussing, balance of trade and balance of payments. This area comes under:
- (A) Micro Economics
 - (B) Macro Economics**
 - (C) Capitalist Economy
 - (D) Mixed Economy
4. Which of the following is an example of normative statement?
- (A) The demand for a good will increase if its price decreases.
 - (B) The government should increase taxes on liquor to reduce its consumption.**
 - (C) A decrease in interest rates will lead to an increase in investment.
 - (D) An increase in government spending will reduce the unemployment rate.
5. Which of the following does not describe the nature of business economics?
- (A) It is normative in nature.
 - (B) It is abstract and purely theoretical.**
 - (C) It is an art.
 - (D) It incorporates elements of Macro Analysis.

May 20225

6. Which of the following is not correct about business economics with reference to economics?

- (A) Business economics helps in proper decision making in a particular business entity.
- (B) Business economics has a narrow scope in comparison to economics.
- (C) Economics is an applied branch of business economics.**
- (D) Business economics includes the analysis of micro level issues like demand, supply etc.

7. Command Economy is another name for:

- (A) Capitalist Economy
- (B) Socialist Economy**
- (C) Mixed Economy
- (D) Macro Economy

8. Which of the following is not a merit of Capitalist Economy?

- (A) Faster economic growth
- (B) Collective ownership**
- (C) High degree of operative efficiency
- (D) Incentives for innovation and technological progress

9. An economy exists on which of the following two facts?

- (A) Human wants are limited and the resources are unlimited.
- (B) Human wants are limited and the resources are scarce.
- (C) Human wants as well as resources are unlimited.
- (D) Human wants are unlimited but the resources are relatively scarce.**

10. The microeconomic theory mainly does not deal with which of the following issues:

- (A) Stage of business cycles**
- (B) Demand analysis and forecasting
- (C) Production and Cost Analysis
- (D) Inventory management