

ECO401 Current Online Quiz#3..Nearly or More than 500 MCQ's

Question # 15 of 15 (Start time: 10:45:34 PM) Total Marks: 1

A schedule which shows the various amounts of a product consumers are willing and able to purchase at each price in a series of possible prices during a specified period of time is called:

Select correct option:

Supply Scedule.

Demand Scedule.

Quantity supplied Scedule.

Quantity demanded Scedule.

Question # 1 of 15 (Start time: 10:49:27 PM) Total Marks: 1

Price floor results in:

Select correct option:

Equilibrium.

Excess demand.

Excess supply.

All of the given options.

Question # 2 of 15 (Start time: 10:49:59 PM) Total Marks: 1

The demand for chicken is downward-sloping. Suddenly the price of chicken rises from Rs. 130 per kg to Rs. 140 per kg. This will cause:

Select correct option:

The demand curve of chicken to shift to the right.

The demand curve of chicken to shift to the left.

Quantity demanded of chicken to increase.

Quantity demanded of chicken to decrease

Question # 3 of 15 (Start time: 10:50:44 PM) Total Marks: 1

Which of the following will happen if there is an increase in the long term economic growth?

Select correct option:

The production possibilities curve will shift outward.

The production possibilities curve will shift inward.

There will be a movement from inside the production possibilities curve to a point on the production possibilities curve.

There will be a movement from the production possibilities curve to a point inside the production possibilities curve

Question # 4 of 15 (Start time: 10:51:55 PM) Total Marks: 1

In the Keynesian cross model, the 45-degree line has a slope of:

Select correct option:

1.

0.

45.

Infinity.

Question # 5 of 15 (Start time: 10:52:47 PM) Total Marks: 1

You observe that the price of houses and the number of houses purchased both rise over the course of the year. You conclude that:

Select correct option:

The demand for houses has increased.

The demand curve for houses must be upward-sloping.

The supply of houses has increased.

Housing construction costs must be decreasing.

Question # 6 of 15 (Start time: 10:53:22 PM) Total Marks: 1

If a firm operates in a perfectly competitive market, then it will most likely:

Select correct option:

Advertise its product on television.

Have difficult time obtaining information about the market price.

Settle for whatever price is offered.

Have an easy time keeping other firms out of the market.

Question # 7 of 15 (Start time: 10:54:16 PM) Total Marks: 1

The burden of a tax is shifted toward buyers if:

Select correct option:

Demand is perfectly elastic.

Demand is relatively more elastic than supply.

Demand is relatively more inelastic than supply.

Demand and supply have equal elasticities.

Question # 8 of 15 (Start time: 10:54:58 PM) Total Marks: 1

When government sets the price of a good and that price is below the equilibrium price, the result will be:

Select correct option:

A surplus of the good.

A shortage of the good.

An increase in the demand for the good.

A decrease in the supply of the good.

Question # 9 of 15 (Start time: 10:55:38 PM) Total Marks: 1

“Each firm produces an identical product and there is freedom of entry and exit”. This is TRUE for which of the following market structures?

Select correct option:

For Monopoly.

For Oligopoly.

For Perfect competition.

For Monopolistic competition

Question # 10 of 15 (Start time: 10:56:18 PM) Total Marks: 1

Which of the following is not an assumption of ordinal utility analysis?

Select correct option:

Consumers are consistent in their preference.

Consumers can measure the total utility received from any given basket of good.

Consumers are non-satiated with respect to the goods they confront.

All are necessary.

Question # 11 of 15 (Start time: 10:57:12 PM) Total Marks: 1

Insurance companies operate under the principle of:

Select correct option:

Law of large numbers.

Law of small numbers.

Law of zero numbers.

All of the given options.

Question # 12 of 15 (Start time: 10:58:04 PM) Total Marks: 1

If the investment demand curve is vertical then:

Select correct option:

Both monetary and fiscal policy are ineffective.
Both monetary and fiscal policy are effective.
Monetary policy is effective but fiscal policy is ineffective.
Monetary policy is ineffective but fiscal policy is effective.

Question # 13 of 15 (Start time: 10:59:22 PM) Total Marks: 1

Demand is elastic when the elasticity of demand is:

Select correct option:

Greater than 0.
Greater than 1.
Less than 1.
Less than 0.

Question # 14 of 15 (Start time: 11:00:07 PM) Total Marks: 1

The unemployment rate is equal to :

Select correct option:

Number of employed persons / labour force x 100.
Number of unemployed persons + labour force.
(Number of unemployed persons / labour force) x 100.
None of the given options.

Question # 15 of 15 (Start time: 11:00:36 PM) Total Marks: 1

Demand is said to be ----- when the elasticity of demand is less than 1.

Select correct option:

Increasing
Decreasing
Elastic
Inelastic

Question # 1 of 15 (Start time: 11:03:48 PM) Total Marks: 1

Unemployment benefits may increase the unemployment rate because unemployment benefits:

Select correct option:

Reduce the cost of job search.
Encourage people to quit their jobs.

Reduce the benefits of additional job searching.
Enable people to quit searching for work.

Question # 2 of 15 (Start time: 11:05:08 PM) Total Marks: 1

The unemployment rate is equal to :

Select correct option:

Number of employed persons / labour force x 100.

Number of unemployed persons + labour force.

(Number of unemployed persons / labour force) x 100.

None of the given options.

Question # 3 of 15 (Start time: 11:05:35 PM) Total Marks: 1

The investment demand curve shows the relationship between the levels of:

Select correct option:

Investment and consumption.

Consumption and interest rate.

Investment and interest rate.

Investment and saving.

Question # 4 of 15 (Start time: 11:06:00 PM) Total Marks: 1

According to the law of diminishing marginal utility, as the consumption of particular good increases:

Select correct option:

Total utility increases.

Marginal utility increases.

Total utility decreases.

Marginal utility decreases.

Question # 5 of 15 (Start time: 11:06:41 PM) Total Marks: 1

In a macroeconomic model, without foreign trade or government spending, aggregate demand is the sum of:

Select correct option:

Personal saving and private investment.

Personal saving and personal consumption.

Personal consumption and personal income.

Personal consumption and private investment.

Question # 6 of 15 (Start time: 11:07:49 PM) Total Marks: 1

Suppose the price of railway ticket decreases, what will happen in the market for airline travel?

Select correct option:

The demand curve for airline travel shifts left.

The demand curve for airline travel shifts right.

The supply curve of airline travel shifts left.

The supply curve of airline travel shifts right.

Question # 7 of 15 (Start time: 11:08:48 PM) Total Marks: 1

The correlation between an asset's real rate of return and its risk (as measured by its standard deviation) is usually:

Select correct option:

Positive.

Strictly linear.

Flat.

Negative.

Question # 8 of 15 (Start time: 11:09:33 PM) Total Marks: 1

Assume that the government sets a ceiling on the interest rate that banks charge on loans. If the ceiling is set below the market equilibrium interest rate, the result will be:

Select correct option:

A surplus of credit.

A shortage of credit.

Greater profits for banks issuing credit.

A perfectly inelastic supply of credit in the market place

Question # 9 of 15 (Start time: 11:10:50 PM) Total Marks: 1

Those who hold the classical view of the labour market are likely to believe that

Select correct option:

Monetary, but not fiscal policy will have an effect on output and employment

Fiscal but not monetary policy will have an effect on output and employment.

Both monetary and fiscal policy will have an effect on output and employment.

Neither monetary nor fiscal policy will have an effect on output and employment

Question # 10 of 15 (Start time: 11:12:17 PM) Total Marks: 1

While drawing a given market demand curve,----- is not considered constant.

Select correct option:

Income.

The price of the good in question.

The prices of related goods.

Preferences.

Question # 11 of 15 (Start time: 11:13:05 PM) Total Marks: 1

The market structure in which strategic considerations are most important is:

Select correct option:

Monopolistic competition.

Oligopoly.

Pure competition.

Pure monopoly.

Question # 12 of 15 (Start time: 11:13:42 PM) Total Marks: 1

Economists who are concerned about the behavior of individual households, firms and industries are studying:

Select correct option:

Microeconomics

Macroeconomics

Positive economics

Normative economics

Question # 13 of 15 (Start time: 11:14:11 PM) Total Marks: 1

In Keynesian economics, equilibrium can occur:

Select correct option:

Only at full employment.

Only at levels less than full employment.

Only at levels greater than full employment.

At any level of aggregate output equal to aggregate expenditures

Question # 14 of 15 (Start time: 11:15:11 PM) Total Marks: 1

Which of the following is considered to be a variable cost in the long run?

Select correct option:

Expenditures for wages.

Expenditures for research and development.

Expenditures for raw materials.

All of the given Costs.

Question # 15 of 15 (Start time: 11:15:57 PM) Total Marks: 1

Which of the following is true about the entrepreneur?

Select correct option:

An entrepreneur is an innovator.

An entrepreneur is someone who brings resources together and produces a product.

An entrepreneur is a risk taker.

All of the given options are correct

Question # 3 of 15 (Start time: 11:20:48 PM) Total Marks: 1

Unemployment benefits may increase the unemployment rate because unemployment benefits:

Select correct option:

Reduce the cost of job search.

Encourage people to quit their jobs.

Reduce the benefits of additional job searching.

Enable people to quit searching for work.

Question # 4 of 15 (Start time: 11:22:15 PM) Total Marks: 1

In pure capitalism, freedom of enterprise means that:

Select correct option:

Businesses are free to produce products that consumers want.

Consumers are free to buy goods and services that they want.

Resources are distributed freely to businesses that want them.

Government is free to direct the actions of business

Question # 5 of 15 (Start time: 11:23:11 PM) Total Marks: 1

The production possibilities curve:

Select correct option:

Shows all combinations of goods that society most desires.

Indicates that any combination of goods lying outside the curve is attainable.

Shows the maximum level of output that an economy can produce with all the available resources.

Shows only those combinations of two goods that reflect "full production".

Question # 6 of 15 (Start time: 11:24:18 PM) Total Marks: 1

According to classical economists, the:

Select correct option:

Aggregate demand curve is downward sloping and the aggregate supply curve is vertical

Aggregate demand curve is downward sloping and the aggregate supply curve is upward sloping

Aggregate demand curve is vertical and the aggregate supply curve is upward sloping

Aggregate demand curve is vertical and the aggregate supply curve is horizontal

Question # 7 of 15 (Start time: 11:25:40 PM) Total Marks: 1

When oligopolists collude, they are able to:

Select correct option:

Raise price, but not restrict output

Raise price and restrict output, but not attain the monopoly profit

Raise price and restrict output, and therefore attain the monopoly profit

Restrict output, but not raise price

Question # 8 of 15 (Start time: 11:27:01 PM) Total Marks: 1

In a production process, all inputs are increased by 10%; but output increases more than 10%. This means that the firm experiences:

Select correct option:

Decreasing returns to scale.

Constant returns to scale.

Increasing returns to scale.

Negative returns to scale.

Question # 9 of 15 (Start time: 11:28:02 PM) Total Marks: 1

When an industry's raw material costs increase, other things remaining the same:

Select correct option:

The supply curve shifts to the left.

The supply curve shifts to the right.

Output increases regardless of the market price and the supply curve shifts upward.

Output decreases and the market price also decrease.

Question # 10 of 15 (Start time: 11:29:10 PM) Total Marks: 1

If the quantity supplied of mangoes exceeds the quantity demanded of mangoes:

Select correct option:

There is a shortage of mangoes.

Market forces will cause the price to fall.

Market forces will cause the price to rise.

The market is in equilibrium.

Question # 12 of 15 (Start time: 11:31:32 PM) Total Marks: 1

GDP is:

Select correct option:

A stock

A flow.

Both a stock and a flow.

Neither a stock nor a flow.

Question # 13 of 15 (Start time: 11:32:07 PM) Total Marks: 1

A partial explanation for the inverse relationship between price and quantity demanded is that a:

Select correct option:

Lower price shifts the supply curve to the left.

Higher price shifts the demand curve to the left.

Lower price shifts the demand curve to the right.

Higher price reduces the real incomes of buyers.

Question # 14 of 15 (Start time: 11:33:28 PM) Total Marks: 1

Assume that the current market price is below the market clearing level. We would expect:

Select correct option:

A surplus to accumulate.

Downward pressure on the current market price.

Upward pressure on the current market price.

Lower production during the next time period.

Question # 1 of 15 (Start time: 11:39:03 PM) Total Marks: 1

A firm maximizes profit by operating at the level of output where:

Select correct option:

Average revenue equals average cost.

Average revenue equals average variable cost.

Total costs are minimized.

Marginal revenue equals marginal cost.

Question # 2 of 15 (Start time: 11:39:52 PM) Total Marks: 1

Suppose we find that the cross-price elasticity of demand for two products is a negative number. We know that:

Select correct option:

The two goods are normal goods.

The two goods are inferior goods.

The two goods are substitutes.

The two goods are complements.

Question # 3 of 15 (Start time: 11:40:35 PM) Total Marks: 1

The concept of a risk premium applies to a person that is:

Select correct option:

Risk averse

Risk neutral

Risk loving

All of the given options

Question # 4 of 15 (Start time: 11:41:56 PM) Total Marks: 1

If utility remains the same for original and new combination of goods consumed, the effect of a change in the price of a good on the quantities consumed will be called as:

Select correct option:

Substitution effect.

Real income effect.

Income effect.

Budget effect

Question # 5 of 15 (Start time: 11:42:50 PM) Total Marks: 1

Monopolistic competition and oligopoly share which characteristic?

Select correct option:

Free entry and exit from the industry

Strategic behavior

Standardized products

Advertising

Question # 6 of 15 (Start time: 11:43:24 PM) Total Marks: 1

A person with a diminishing marginal utility of income:

Select correct option:

Will be risk averse.

Will be risk neutral.

Will be risk loving.

Cannot decide without more information.

Question # 7 of 15 (Start time: 11:44:06 PM) Total Marks: 1

Economists who are concerned about the behavior of individual households, firms and industries are studying:

Select correct option:

Microeconomics

Macroeconomics

Positive economics

Normative economics

Question # 8 of 15 (Start time: 11:44:40 PM) Total Marks: 1

In monopolist market, a new entrant firm should produce where:

Select correct option:

Marginal Cost < Marginal Revenue.

Marginal Cost > Marginal Revenue.

Marginal Cost = Marginal Revenue.

Marginal Cost = Average Revenue.

Question # 9 of 15 (Start time: 11:45:29 PM) Total Marks: 1

The labour force is made up of:

Select correct option:

The number of people employed minus the number of people unemployed.

The number of people employed plus the number of people unemployed.

Just the number of people employed.

The whole population.

Question # 10 of 15 (Start time: 11:46:43 PM) Total Marks: 1

A firm never operates:

Select correct option:

At the minimum of its average total cost curve.
At the minimum of its average variable cost curve.
On the downward-sloping portion of its average total cost curve.
On the downward-sloping portion of its average variable cost curve.

Question # 11 of 15 (Start time: 11:47:39 PM) Total Marks: 1
What is the reason of leftward shift in the demand curve for product A?
Select correct option:

A decrease in income if A is an inferior good.
An increase in income if A is a normal good.
An increase in the price of a product that is a close substitute for A.
An increase in the price of a product that is complementary to A.

Question # 12 of 15 (Start time: 11:48:21 PM) Total Marks: 1
Cartels are:
Select correct option:

Organizations of independent firms, producing similar products, that work together to raise prices and restrict output
Organizations of interdependent firms
Oligopolies
All of the above

Question # 13 of 15 (Start time: 11:49:24 PM) Total Marks: 1
Suppose the price of railway ticket decreases, what will happen in the market for airline travel?
Select correct option:

The demand curve for airline travel shifts left.
The demand curve for airline travel shifts right.
The supply curve of airline travel shifts left.
The supply curve of airline travel shifts right

Question # 14 of 15 (Start time: 11:49:54 PM) Total Marks: 1
When the marginal revenue product is greater than the marginal input cost of labor, the profit maximizing firm will:
Select correct option:

Hire more

Hire less
Maintain the same employment
Decrease output

Question # 15 of 15 (Start time: 11:50:28 PM) Total Marks: 1
In which market structure(s) will price exceed marginal revenue?
Select correct option:

Differentiated oligopoly and monopoly only
Standardized oligopoly and pure competition only
Monopolistic competition and monopoly only
Monopolistic competition, oligopoly, and monopoly

Question # 1 of 15 (Start time: 11:52:44 PM) Total Marks: 1
According to economy is always at full employment level. Economy would automatically find the new equilibrium in the short run.
Select correct option:

True
False

Question # 2 of 15 (Start time: 11:53:51 PM) Total Marks: 1
In which market structure do firms exist in very large numbers, each firm produces an identical product and there is freedom of entry and exit?
Select correct option:

Monopoly
Oligopoly
Perfect competition
Monopolistic competition

Question # 3 of 15 (Start time: 11:54:37 PM) Total Marks: 1
More output could be produced with available resources if:
Select correct option:

Resources are allocated efficiently.
Resources are imperfectly shiftable among alternative uses.
Prices are reduced.
The economy is operating at a point inside the production possibilities curve.

Question # 4 of 15 (Start time: 11:55:18 PM) Total Marks: 1

The upward-sloping aggregate supply curve indicates that:

Select correct option:

As firms increase their level of output, the cost of producing an extra unit increases

An increase in aggregate demand causes little, if any increase in real output

The economy is operating in the long run

Any increase in aggregate demand causes the output of producers to fall because the general price level rises

Question # 5 of 15 (Start time: 11:56:16 PM) Total Marks: 1

The cross elasticity of demand of complements goods is:

Select correct option:

Less than 0.

Equal to 0.

Greater than 0.

Between 0 and 1.

Question # 6 of 15 (Start time: 11:56:50 PM) Total Marks: 1

The total cost (TC) function is given as: $TC = 200 + 5Q$. What is the variable cost?

Select correct option:

200.

5Q.

5.

$5 + (200/Q)$.

Question # 7 of 15 (Start time: 11:57:19 PM) Total Marks: 1

Moving from left to right, the typical production possibilities curve:

Select correct option:

Is horizontal.

Has a constant positive slope.

Illustrates increasing opportunity costs.

Illustrates decreasing opportunity costs.

Question # 8 of 15 (Start time: 11:58:10 PM) Total Marks: 1

The numerical measurement of a consumer's preference is called:

Select correct option:

Satisfaction.

Use.

Pleasure.

Utility.

Question # 9 of 15 (Start time: 11:58:41 PM) Total Marks: 1

An individual whose attitude towards risk is known as:

Select correct option:

Risk averse.

Risk loving.

Risk neutral.

None of the given is necessarily correct.

Question # 10 of 15 (Start time: 11:59:11 PM) Total Marks: 1

What is the reason of leftward shift in the demand curve for product A?

Select correct option:

A decrease in income if A is an inferior good.

An increase in income if A is a normal good.

An increase in the price of a product that is a close substitute for A.

An increase in the price of a product that is complementary to A.

Question # 11 of 15 (Start time: 12:00:02 AM) Total Marks: 1

A negatively sloped isoquant implies:

Select correct option:

Products with negative marginal utilities.

Products with positive marginal utilities.

Inputs with negative marginal products.

Inputs with positive marginal products.

Question # 12 of 15 (Start time: 12:00:42 AM) Total Marks: 1

Which of the following statements describes increasing returns to scale:

Select correct option:

Doubling the inputs used leads to double the output.

Increasing the inputs by 50% leads to a 25% increase in output.

Increasing inputs by 1/4 leads to an increase in output of 1/3.

None of the given options.

Question # 13 of 15 (Start time: 12:01:19 AM) Total Marks: 1

A price taker is:

Select correct option:

A firm that accepts different prices from different customers.

A monopolistically competitive firm.

A firm that cannot influence the market price.

An oligopolistic firm.

Question # 14 of 15 (Start time: 12:02:12 AM) Total Marks: 1

Which one of the following is most likely to lead to an increase in aggregate demand? An increase in:

Select correct option:

Government tax revenues

Household savings

Business capital investment

Demand for imports

Question # 15 of 15 (Start time: 12:02:58 AM) Total Marks: 1

If injections are less than withdrawals at the full-employment level of income then there arises:

Select correct option:

A deflationary gap.

Hysteresis.

Hyperinflation.

An inflationary gap

Question # 1 of 15 (Start time: 12:05:44 AM) Total Marks: 1

The market structure in which there is interdependence among firms is:

Select correct option:

Monopolistic competition.

Oligopoly.

Perfect competition.

Monopoly.

Question # 2 of 15 (Start time: 12:06:51 AM) Total Marks: 1

When government sets the price of a good and that price is above the equilibrium price, the result will be:

Select correct option:

A surplus of the good.

A shortage of the good.

An increase in the demand for the good.

A decrease in the supply of the good.

Question # 3 of 15 (Start time: 12:07:49 AM) Total Marks: 1

According the law of diminishing returns:

Select correct option:

The marginal product falls as more units of a variable factor are added to a fixed factor.

Marginal utility falls as more units of a product are consumed.

The total product falls as more units of a variable factor are added to a fixed factor.

The marginal product increases as more units of a variable factor are added to a fixed factor.

Question # 4 of 15 (Start time: 12:09:00 AM) Total Marks: 1

Inflation:

Select correct option:

Reduces both the purchasing power of the dollar and one's real income.

Reduces the purchasing power of the dollar and increases one's real income.

Reduces the purchasing power of the dollar but may have no impact on one's real income.

Increases the purchasing power of the dollar and reduces one's real income.

Question # 5 of 15 (Start time: 12:09:57 AM) Total Marks: 1

The point at which AC intersects MC is where:

Select correct option:

AC is decreasing.

MC is at its minimum.

AC is at its minimum.

AC is at its maximum.

Question # 6 of 15 (Start time: 12:11:12 AM) Total Marks: 1

The long run aggregate supply will shift to the right whenever:

Select correct option:

The price level increases

Factors of production (such as labor and capital) increase

Expenditures (such as consumption and net exports) increase

The prices of inputs used to produce goods and services (such as wages and the price of oil) decrease

Question # 7 of 15 (Start time: 12:14:23 AM) Total Marks: 1

There are _____ methods of measuring GDP:

Select correct option:

Four

Three

Five

None

Question # 8 of 15 (Start time: 12:15:06 AM) Total Marks: 1

If firms in a competitive industry are experiencing losses in the short run, then:

Select correct option:

The firms will try to raise prices.

Some firms will choose to shut down.

The industry will cease to exist.

New firms will enter the industry.

Question # 9 of 15 (Start time: 12:16:04 AM) Total Marks: 1

The percentage change in quantity demanded of a given good, with respect to the percentage change in the price of “another” good is called:

Select correct option:

Price elasticity of demand.

Income elasticity of demand.

Cross price elasticity of demand.

Supply price elasticity.

Question # 10 of 15 (Start time: 12:16:43 AM) Total Marks: 1

The primary result of inflation is:

Select correct option:

A rise in personal wealth.

A rise in wages.

A decline in prices.

A decline in the value of money.

Question # 11 of 15 (Start time: 12:17:26 AM) Total Marks: 1

The labour force is made up of:

Select correct option:

The number of people employed minus the number of people unemployed.

The number of people employed plus the number of people unemployed.

Just the number of people employed.

The whole population.

Question # 12 of 15 (Start time: 12:18:16 AM) Total Marks: 1

Assume that the government sets a ceiling on the interest rate that banks charge on loans.

If the ceiling is set below the market equilibrium interest rate, the result will be:

Select correct option:

A surplus of credit.

A shortage of credit.

Greater profits for banks issuing credit.

A perfectly inelastic supply of credit in the market place.

Question # 13 of 15 (Start time: 12:19:30 AM) Total Marks: 1

If the supply of a product decreases and supply curve shifts leftward, and the demand for that product simultaneously increases and demand curve shifts rightward, then equilibrium:

Select correct option:

Price must rise.

Price must fall.

Quantity must rise.

Quantity must fall.

Question # 14 of 15 (Start time: 12:20:16 AM) Total Marks: 1

Microeconomics is the branch of economics that deals with which of the following topics?

Select correct option:

The behavior of individual consumers

Unemployment and interest rates

The behavior of individual firms and investors

The behavior of individual consumers and behavior of individual firms and investors.

Question # 15 of 15 (Start time: 12:21:08 AM) Total Marks: 1

The extra value that consumers receive above what they pay for that good is called:
Select correct option:

Producer surplus.

Utility.

Marginal utility.

Consumer surplus.

Question # 1 of 15 (Start time: 12:22:52 AM) Total Marks: 1

The law of increasing opportunity costs states that:
Select correct option:

The more one is willing to pay for resources, the larger will be the possible level of production.

Increasing the production of a particular good will cause the price of the good to rise.

In order to produce additional units of a particular good, it is necessary for society to sacrifice increasingly larger amounts of alternative goods.

Only by keeping production constant can rising prices be avoided.

Question # 2 of 15 (Start time: 12:24:15 AM) Total Marks: 1

You observe that the price of houses and the number of houses purchased both rise over the course of the year. You conclude that:
Select correct option:

The demand for houses has increased.

The demand curve for houses must be upward-sloping.

The supply of houses has increased.

Housing construction costs must be decreasing

Question # 3 of 15 (Start time: 12:25:34 AM) Total Marks: 1

In economics, the “long run” is a time period in which:
Select correct option:

All inputs are variable.

All inputs are paid for.

All outputs are determined.

All loans are repaid.

Question # 4 of 15 (Start time: 12:26:38 AM) Total Marks: 1

The principle that states that a change in investment causes a magnified change in income

is termed as the:

Select correct option:

Water paradox.

Paradox of thrift.

Saving theorem.

Multiplier effect

The correlation between an asset's real rate of return and its risk (as measured by its standard deviation) is usually:

Select correct option:

Positive.

Strictly linear.

Flat.

Negative.

Question # 6 of 15 (Start time: 12:28:31 AM) Total Marks: 1

Which of the following is NOT regarded as a source of inefficiency in monopolistic competition?

Select correct option:

Product diversity.

Excess capacity.

The fact that price exceeds marginal cost.

The fact that long-run average cost is not minimized

Question # 7 of 15 (Start time: 12:29:28 AM) Total Marks: 1

There are _____ methods of measuring GDP:

Select correct option:

Four

Three

Five

None

Question # 8 of 15 (Start time: 12:29:52 AM) Total Marks: 1

A £1 increase in government spending will have a larger impact upon national income than a £1 tax cut because:

Select correct option:

The government prints the pound it spends.
Not all of a tax cut is spent.
When taxes are cut, so too is government spending.
Taxes are an injection into the system.

Question # 9 of 15 (Start time: 12:30:57 AM) Total Marks: 1
If the equilibrium price of bread is Rs. 3 and the government imposes Rs. 2 price ceiling on the price of bread then:
Select correct option:

More bread will be produced to meet the increased demand.
There will be a shortage of bread.
The demand for bread will decrease because suppliers will reduce their supply.
A surplus of bread will emerge.

Question # 10 of 15 (Start time: 12:31:29 AM) Total Marks: 1
Consumption spending, investment expenditures, government expenditures, and net exports are:
Select correct option:

The components of aggregate supply
The components of government revenue
The components of aggregate demand
The components of household income

Question # 11 of 15 (Start time: 12:32:23 AM) Total Marks: 1
A nation's production possibilities curve is "bowed out" from the origin because:
Select correct option:

Resources are not perfectly shiftable between productions of the two goods.
Capital goods and consumer goods utilize the same production technology.
Resources are scarce relative to human wants.
Opportunity costs are decreasing.

Question # 12 of 15 (Start time: 12:33:31 AM) Total Marks: 1
The total market value of all final goods and services produced within a given period by factors of production located within a country is:
Select correct option:

Gross national product.
Gross domestic product.

Net national product.

Net national income.

Question # 13 of 15 (Start time: 12:34:25 AM) Total Marks: 1

The market structure in which strategic considerations are most important is:

Select correct option:

Monopolistic competition.

Oligopoly.

Pure competition.

Pure monopoly.

Question # 14 of 15 (Start time: 12:35:14 AM) Total Marks: 1

The average propensity to consume is the ratio of:

Select correct option:

A change in consumption to a change in disposable income.

A change in consumption to total disposable income at a specific income level.

Total consumption to total disposable income at a specific income level.

Total consumption to a change in disposable income.

Question # 15 of 15 (Start time: 12:36:07 AM) Total Marks: 1

Our economy is characterized by:

Select correct option:

Unlimited wants and needs.

Unlimited material resources.

No energy resources.

Abundant productive labor

Question # 1 of 15 (Start time: 12:40:54 AM) Total Marks: 1

The price elasticity of supply shows us:

Select correct option:

How steep the supply curve is.

How fast supply responds to price.

How much supply shifts when income changes.

How much quantity supplied responds to price changes.

Question # 2 of 15 (Start time: 12:41:57 AM) Total Marks: 1

According to the model of aggregate supply and aggregate demand, in the long run, an

increase in the money supply should cause

Select correct option:

Prices to rise and output to rise.

Prices to fall and output to remain unchanged

Prices to fall and output to fall.

Prices to rise and output to remain unchanged

Question # 3 of 15 (Start time: 12:43:20 AM) Total Marks: 1

All other things equal, GDP will rise if:

Select correct option:

Imports rise

Exports fall

Durable goods consumption rises

Military spending falls

Question # 4 of 15 (Start time: 12:44:17 AM) Total Marks: 1

Other things being equal, expected income can be used as a direct measure of well-being:

Select correct option:

No matter what a person's preference to risk.

If and only if individuals are not risk-loving.

If and only if individuals are risk averse.

If and only if individuals are risk neutral.

Question # 5 of 15 (Start time: 12:45:45 AM) Total Marks: 1

According to classical economists, the:

Select correct option:

Aggregate demand curve is downward sloping and the aggregate supply curve is vertical

Aggregate demand curve is downward sloping and the aggregate supply curve is upward sloping

Aggregate demand curve is vertical and the aggregate supply curve is upward sloping

Aggregate demand curve is vertical and the aggregate supply curve is horizontal

Question # 6 of 15 (Start time: 12:46:54 AM) Total Marks: 1

The shape of production possibilities curve is:

Select correct option:

Concave.

Convex.
Linear.
Positive.

Question # 7 of 15 (Start time: 12:48:21 AM) Total Marks: 1
The numerical measurement of a consumer's preference is called:
Select correct option:

Satisfaction.
Use.
Pleasure.
Utility.

Question # 8 of 15 (Start time: 12:48:53 AM) Total Marks: 1
The percentage change in quantity demanded given a percentage change in consumer's income is known as:
Select correct option:

Price elasticity of demand.
Income elasticity of demand.
Supply price elasticity.
Cross price elasticity.

Question # 9 of 15 (Start time: 12:49:53 AM) Total Marks: 1
When oligopolists collude, they are able to:
Select correct option:

Raise price, but not restrict output
Raise price and restrict output, but not attain the monopoly profit
Raise price and restrict output, and therefore attain the monopoly profit
Restrict output, but not raise price

Question # 10 of 15 (Start time: 12:50:44 AM) Total Marks: 1
In which case, total expenditure in an economy is not equal to total income?
Select correct option:

If total saving is larger than total investment.
If net exports are not zero.
If inventory investment is negative.
None of the given options--they are always equal.(not sure)

Question # 11 of 15 (Start time: 12:52:10 AM) Total Marks: 1

Marginal Cost is defined as:

Select correct option:

The derivative of Variable Cost with respect to quantity produced.

The derivative of Average Cost with respect to quantity produced.

The derivative of Total Cost with respect to quantity produced.

The derivative of Average Variable Cost with respect to quantity produced.

Question # 12 of 15 (Start time: 12:53:47 AM) Total Marks: 1

If your demand price for one unit of a good is Rs. 100 and the market price is Rs. 75, your consumer's surplus will be:

Select correct option:

Rs.25.

Rs.50.

Rs.75.

Rs.100.

Question # 13 of 15 (Start time: 12:54:27 AM) Total Marks: 1

Goods X and Y are complements while goods X and Z are substitutes. If the supply of good X increases:

Select correct option:

The demand for both Y and Z will increase.

The demand for Y will increase while the demand for Z will decrease.

The demand for Y will decrease while the demand for Z will increase.

The demand for both Y and Z will decrease.

Question # 14 of 15 (Start time: 12:55:34 AM) Total Marks: 1

The law of diminishing marginal utility:

Select correct option:

Refers to the decrease in total satisfaction as more units of the good are consumed.

Refers to the fall in additional satisfaction created by consumption of more and more.

Refers to the units of a good.

Refers to the idea that total utility is negative.

Question # 15 of 15 (Start time: 12:56:30 AM) Total Marks: 1

The production possibilities curve:

Select correct option:

Shows all combinations of goods that society most desires.

Indicates that any combination of goods lying outside the curve is attainable.

Shows the maximum level of output that an economy can produce with all the available resources.

Shows only those combinations of two goods that reflect "full production".

If a firm operates in a perfectly competitive market, then it will most likely:

Select correct option:

Advertise its product on television.

Have difficult time obtaining information about the market price.

Settle for whatever price is offered.

Have an easy time keeping other firms out of the market.

In a macroeconomic model, without foreign trade or government spending, aggregate demand is the sum of:

Select correct option:

Personal saving and private investment.

Personal saving and personal consumption.

Personal consumption and personal income.

Personal consumption and private investment.

The law of diminishing marginal utility indicates that the demand curve is:

Select correct option:

Vertical.

U shaped.

Upward sloping.

Downward sloping.

In the kinked demand curve model, if one firm reduces its price:

Select correct option:

Other firms will also reduce their price

Other firms will compete on a non-price basis

Other firms will raise their price

Both (a) and (b) are correct

In Keynesian economics, equilibrium can occur:

Select correct option:

Only at full employment.

Only at levels less than full employment.

Only at levels greater than full employment.

At any level of aggregate output equal to aggregate expenditures.

According to the classical economists, those who are not working:

Select correct option:

Are unable to find a job at the current wage rate.

Are too productive to be hired at the current wage.

Have chosen not to work at the market wage.

Have given up looking for a job, but would accept a job at the current wage if one were offered to them.

A firm maximizes profit by operating at the level of output where:

Select correct option:

Average revenue equals average cost.

Average revenue equals average variable cost.

Total costs are minimized.

Marginal revenue equals marginal cost.

Our economy is characterized by:

Select correct option:

Unlimited wants and needs.

Unlimited material resources.

No energy resources.

Abundant productive labor

Monopolistically competitive firms have monopoly power because they:

Select correct option:

Face downward sloping demand curves.

Are great in number.

Have freedom of entry.

Are free to advertise.

If the income elasticity of demand is $1/2$, the good is:

Select correct option:

A luxury.

A normal good (but not a luxury).

An inferior good.

A Giffen good.

An individual whose attitude towards risk is known as:

Select correct option:

Risk averse.

Risk loving.

Risk neutral.

None of the given is necessarily correct.

Which of the following is considered to be a variable cost in the long run?

Select correct option:

Expenditures for wages.

Expenditures for research and development.

Expenditures for raw materials.

All of the given Costs.

Which of the following will happen if there is an increase in the long term economic growth?

Select correct option:

The production possibilities curve will shift outward.

The production possibilities curve will shift inward.

There will be a movement from inside the production possibilities curve to a point on the production possibilities curve.

There will be a movement from the production possibilities curve to a point inside the production possibilities curve.

An individual with a constant marginal utility of income will be:

Select correct option:

Risk averse.

Risk neutral.

Risk loving.
Insufficient information for a decision.

The oligopoly model that predicts that oligopoly prices will tend to be very rigid is the _____ model.

Select correct option:

Cournot
Stackelberg
Dominant firm
kinked demand

Question # 1 of 15 (Start time: 01:11:13 AM) Total Marks: 1

Intermediate goods are meant for:

Select correct option:

Direct use by the consumers
further processing
The term does not exist
None

Question # 2 of 15 (Start time: 01:11:46 AM) Total Marks: 1

If the cross price elasticity of demand between two products is +3.5, then:

Select correct option:

One of the products is expensive and one is relatively inexpensive.
One product is a normal good and the other is an inferior good.
The two products are complements.
The two products are substitutes.

Question # 3 of 15 (Start time: 01:12:26 AM) Total Marks: 1

If the quantity supplied of mangoes exceeds the quantity demanded of mangoes:

Select correct option:

There is a shortage of mangoes.
Market forces will cause the price to fall.
Market forces will cause the price to rise.
The market is in equilibrium.

Question # 4 of 15 (Start time: 01:13:00 AM) Total Marks: 1

Disposable income is:

Select correct option:

Total income plus transfer payments.

Total income minus saving.

Total income plus net taxes.

Total income minus net taxes.

Question # 5 of 15 (Start time: 01:14:21 AM) Total Marks: 1

AD curve slopes upward for both Keynes and classical

Select correct option:

True

False

Question # 6 of 15 (Start time: 01:15:17 AM) Total Marks: 1

The market structure in which strategic considerations are most important is:

Select correct option:

Monopolistic competition.

Oligopoly.

Pure competition.

Pure monopoly.

Question # 7 of 15 (Start time: 01:15:52 AM) Total Marks: 1

An important difference between the approaches of the classical and Keynesian economists use to achieve a macroeconomic equilibrium is that:

Select correct option:

Keynesian economists actively promote the use of fiscal policy; the classical economists do not

Keynesian economists actively promote the use of monetary policy to improve aggregate economic performance; classical economists do not

classical economists believe that monetary policy will certainly affect the level of output;

Keynesians believe that money growth affects only prices

classical economists believe that fiscal policy is an effective tool for achieving economic stability; Keynesians do not

Question # 8 of 15 (Start time: 01:16:56 AM) Total Marks: 1

_____ is the rate at which a firm can substitute capital for labour and hold output

constant.

Select correct option:

Diminishing marginal returns.

Marginal rate of substitution.

Marginal rate of factor substitution.

Marginal rate of production.

Question # 9 of 15 (Start time: 01:18:09 AM) Total Marks: 1

The classical economists thought that the economy would quickly overcome any short run instability because:

Select correct option:

Price level and quantity were flexible

Prices would get stuck at a low level

The long run aggregate supply would shift to the left

Prices and wages were flexible

Question # 10 of 15 (Start time: 01:19:33 AM) Total Marks: 1

If we observe that the production possibilities curve becomes steeper as we move down along the curve, then:

Select correct option:

Opportunity costs are increasing.

Society's resources are limited.

Society's wants are unlimited.

Society's wants are unlimited.

Question # 11 of 15 (Start time: 01:20:36 AM) Total Marks: 1

A new technology which reduces costs for firms:

Select correct option:

Shifts the supply curve to the right.

Shifts the supply curve to the left.

Reduces the equilibrium quantity.

Raises the equilibrium price.

Question # 12 of 15 (Start time: 01:21:28 AM) Total Marks: 1

In a macroeconomic model, without foreign trade or government spending, aggregate demand is the sum of:

Select correct option:

Personal saving and private investment.
Personal saving and personal consumption.
Personal consumption and personal income.
Personal consumption and private investment.

Question # 13 of 15 (Start time: 01:22:28 AM) Total Marks: 1

The oligopoly model that predicts that oligopoly prices will tend to be very rigid is the _____ model.

Select correct option:

Cournot
Stackelberg
Dominant firm
kinked demand

Question # 14 of 15 (Start time: 01:22:59 AM) Total Marks: 1

The point at which AC intersects MC is where:

Select correct option:

AC is decreasing.
MC is at its minimum.
AC is at its minimum.
AC is at its maximum.

Question # 15 of 15 (Start time: 01:23:19 AM) Total Marks: 1

Goods X and Y are complements while goods X and Z are substitutes. If the supply of good X increases:

Select correct option:

The demand for both Y and Z will increase
The demand for Y will increase while the demand for Z will decrease
The demand for Y will decrease while the demand for Z will increase
The demand for both Y and Z will decrease

Question # 1 of 15 (Start time: 01:24:32 AM) Total Marks: 1

A negatively sloped isoquant implies:

Select correct option:

Products with negative marginal utilities.
Products with positive marginal utilities.

Inputs with negative marginal products.

Inputs with positive marginal products.

Question # 2 of 15 (Start time: 01:25:25 AM) Total Marks: 1

The total market value of all final goods and services produced within a given period by factors of production located within a country is:

Select correct option:

Gross national product.

Gross domestic product.

Net national product.

Net national income.

Question # 3 of 15 (Start time: 01:25:57 AM) Total Marks: 1

In a free-market economy, the allocation of resources is determined by:

Select correct option:

Votes taken by consumers.

A central planning authority.

Consumer preferences.

The level of profits of firms.

Question # 4 of 15 (Start time: 01:26:54 AM) Total Marks: 1

A firm maximizes profit by operating at the level of output where:

Select correct option:

Average revenue equals average cost.

Average revenue equals average variable cost.

Total costs are minimized.

Marginal revenue equals marginal cost.

Question # 5 of 15 (Start time: 01:27:36 AM) Total Marks: 1

Gross National Product (GNP) is:

Select correct option:

Gross Domestic Product (GDP) minus depreciation.

Net National Product (NNP) plus depreciation.

National income discounted by the GDP deflator.

Income from foreign investments.

Question # 6 of 15 (Start time: 01:28:43 AM) Total Marks: 1

At the equilibrium price:

Select correct option:

There will be a shortage.

There will be neither a shortage nor a surplus.

There will be a surplus.

There are forces that cause the price to change.

Question # 7 of 15 (Start time: 01:29:38 AM) Total Marks: 1

The demand curve facing a perfectly competitive firm is:

Select correct option:

The same as its average revenue curve but not the same as its marginal revenue curve.

The same as its average revenue curve and its marginal revenue curve.

The same as its marginal revenue curve but not its average revenue curve.

Not the same as either its marginal revenue curve or its average revenue curve.

Question # 8 of 15 (Start time: 01:31:02 AM) Total Marks: 1

Which of the following is not a stock variable?

Select correct option:

Government debt

The labor force

The amount of money held by the public

Inventory investment

Question # 9 of 15 (Start time: 01:31:50 AM) Total Marks: 1

AD curve slopes upward for both Keynes and classical

Select correct option:

True

False

Question # 10 of 15 (Start time: 01:32:30 AM) Total Marks: 1

According to classical economists, the:

Select correct option:

Aggregate demand curve is downward sloping and the aggregate supply curve is vertical

Aggregate demand curve is downward sloping and the aggregate supply curve is upward sloping

Aggregate demand curve is vertical and the aggregate supply curve is upward sloping

Aggregate demand curve is vertical and the aggregate supply curve is horizontal

Question # 11 of 15 (Start time: 01:33:07 AM) Total Marks: 1

Inflation:

Select correct option:

Reduces both the purchasing power of the dollar and one's real income.

Reduces the purchasing power of the dollar and increases one's real income.

Reduces the purchasing power of the dollar but may have no impact on one's real income.

Increases the purchasing power of the dollar and reduces one's real income.

Question # 12 of 15 (Start time: 01:33:53 AM) Total Marks: 1

The market structure in which there is interdependence among firms is:

Select correct option:

Monopolistic competition.

Oligopoly.

Perfect competition.

Monopoly.

Question # 13 of 15 (Start time: 01:34:19 AM) Total Marks: 1

The cross elasticity of demand of complements goods is:

Select correct option:

Less than 0.

Equal to 0.

Greater than 0.

Between 0 and 1.

Question # 14 of 15 (Start time: 01:34:44 AM) Total Marks: 1

In a macroeconomic model, without foreign trade or government spending, aggregate demand is the sum of:

Select correct option:

Personal saving and private investment.

Personal saving and personal consumption.

Personal consumption and personal income.

Personal consumption and private investment.

Question # 15 of 15 (Start time: 01:35:33 AM) Total Marks: 1

If there is a price ceiling, there will be:

Select correct option:

Shortages.

Surpluses.

Equilibrium.

None of the given options.

Question # 1 of 15 (Start time: 01:37:43 AM) Total Marks: 1

The principle that states that a change in investment causes a magnified change in income is termed as the:

Select correct option:

Water paradox.

Paradox of thrift.

Saving theorem.

Multiplier effect.

Question # 2 of 15 (Start time: 01:38:17 AM) Total Marks: 1

When the price elasticity of demand for a good is greater than 1, we say that the demand is:

Select correct option:

Increasing.

Decreasing.

Elastic.

Inelastic.

Question # 3 of 15 (Start time: 01:38:57 AM) Total Marks: 1

The concept of a risk premium applies to a person that is:

Select correct option:

Risk averse

Risk neutral

Risk loving

All of the given options

Question # 4 of 15 (Start time: 01:39:43 AM) Total Marks: 1

Which of the following is NOT regarded as a source of inefficiency in monopolistic competition?

Select correct option:

Product diversity.

Excess capacity.

The fact that price exceeds marginal cost.

The fact that long-run average cost is not minimized.

Question # 5 of 15 (Start time: 01:40:22 AM) Total Marks: 1

Which of the following shows the condition for consumer's equilibrium?

Select correct option:

It can be expressed as marginal utility per dollar spent on each good being equalized across all goods.

It can be expressed as the ratio of (marginal utility per unit of the good)/(price per unit of the good) being equalized across all goods.

It can be expressed as the ratio of marginal utilities being equated to the ratio of prices for all possible pairs of goods. (not sure)

All of the given options.

Question # 6 of 15 (Start time: 01:41:49 AM) Total Marks: 1

When government sets the price of a good and that price is below the equilibrium price, the result will be:

Select correct option:

A surplus of the good.

A shortage of the good.

An increase in the demand for the good.

A decrease in the supply of the good.

Question # 7 of 15 (Start time: 01:42:43 AM) Total Marks: 1

At the equilibrium price:

Select correct option:

There will be a shortage.

There will be neither a shortage nor a surplus.

There will be a surplus.

There are forces that cause the price to change.

Question # 8 of 15 (Start time: 01:43:16 AM) Total Marks: 1

Unemployment benefits may increase the unemployment rate because unemployment benefits:

Select correct option:

Reduce the cost of job search.

Encourage people to quit their jobs.

Reduce the benefits of additional job searching.

Enable people to quit searching for work.

Question # 9 of 15 (Start time: 01:44:17 AM) Total Marks: 1

Which of the following is TRUE about L-shaped isoquant?

Select correct option:

It is impossible.

It indicates that the firm could switch from one output to another costlessly.

It indicates that the firm could not switch from one output to another.

It indicates that capital and labor cannot be substituted for each other in production

Question # 10 of 15 (Start time: 01:45:40 AM) Total Marks: 1

Many economists and government analysts have investigated the effect of a minimum wage on labour markets. The general conclusion reached by the investigators is that:

Select correct option:

The overall effect of the minimum wage is an increase in the unemployment level.

Teenagers gain most of the beneficial employment effects of the minimum wage.

All industries are equally affected by the minimum wage laws.

Over a period of time, the minimum wage laws will increase employment in the economy.

Question # 11 of 15 (Start time: 01:46:53 AM) Total Marks: 1

This market situation is much like a pure monopoly except that its member firms tend to cheat on agreed upon price and output strategies. What is it?

Select correct option:

Duopol

Cartel

Market sharing monopoly

Natural monopoly

Question # 12 of 15 (Start time: 01:48:15 AM) Total Marks: 1

If a decrease in price increases total revenue:

Select correct option:

Demand is elastic.

Demand is inelastic.

Supply is elastic.
Supply is inelastic.

Question # 13 of 15 (Start time: 01:49:18 AM) Total Marks: 1

A (n) _____ may start a price war in order to get a larger share of the market

Select correct option:

Perfect competitor

Oligopolist

Monopolist

Economist

Question # 14 of 15 (Start time: 01:50:29 AM) Total Marks: 1

The key to keep inflation low is to keep monetary growth aligned with expected real output growth is The Real Business Cycles (RBC) School's thought.

Select correct option:

True

False

Question # 15 of 15 (Start time: 01:51:28 AM) Total Marks: 1

Which of the following is TRUE about the production function?

Select correct option:

It relates inputs with output.

It generates a curve that is upward sloping.

It shows diminishing marginal product of an input, since it gets flatter as output rises.

All of the given options are true.

Question # 1 of 15 (Start time: 01:53:34 AM) Total Marks: 1

Which of the following is a correct statement about the substitution effect?

Select correct option:

The substitution effect is always negative.

The substitution effect is positive for an inferior good.

The substitution effect measures how demand changes when income changes.

The substitution effect is positive for a Giffen good.

Question # 3 of 15 (Start time: 01:55:51 AM) Total Marks: 1

Which one of the following is most likely to lead to an increase in aggregate demand? An increase in:

Select correct option:

Government tax revenues

Household savings

Business capital investment

Demand for imports

Question # 4 of 15 (Start time: 01:56:49 AM) Total Marks: 1

According to classical economists, the:

Select correct option:

Aggregate demand curve is downward sloping and the aggregate supply curve is vertical

Aggregate demand curve is downward sloping and the aggregate supply curve is upward sloping

Aggregate demand curve is vertical and the aggregate supply curve is upward sloping

Aggregate demand curve is vertical and the aggregate supply curve is horizontal

Question # 5 of 15 (Start time: 01:57:38 AM) Total Marks: 1

There are _____ methods of measuring GDP:

Select correct option:

Four

Three

Five

None

Question # 6 of 15 (Start time: 01:58:10 AM) Total Marks: 1

The principle that states that a change in investment causes a magnified change in income is termed as the:

Select correct option:

Water paradox.

Paradox of thrift.

Saving theorem.

Multiplier effect.

Question # 7 of 15 (Start time: 01:58:44 AM) Total Marks: 1

In which case, total expenditure in an economy is not equal to total income?

Select correct option:

If total saving is larger than total investment.

If net exports are not zero.

If inventory investment is negative.

None of the given options--they are always equal. (not sure)

Question # 8 of 15 (Start time: 01:59:18 AM) Total Marks: 1

The demand curve faced by an individual firm in a competitive market is:

Select correct option:

Upward sloping.

Downward sloping.

Horizontal.

Vertical.

Question # 10 of 15 (Start time: 02:01:43 AM) Total Marks: 1

The demand curve facing a perfectly competitive firm is:

Select correct option:

The same as the market demand curve.

Downward-sloping and less flat than the market demand curve.

Downward-sloping and more flat than the market demand curve.

Perfectly horizontal.

Question # 11 of 15 (Start time: 02:02:58 AM) Total Marks: 1

In monopolist market, a new entrant firm should produce where:

Select correct option:

Marginal Cost < Marginal Revenue.

Marginal Cost > Marginal Revenue.

Marginal Cost = Marginal Revenue.

Marginal Cost = Average Revenue.

Question # 12 of 15 (Start time: 02:03:22 AM) Total Marks: 1

The market structure in which strategic considerations are most important is:

Select correct option:

Monopolistic competition.

Oligopoly.

Pure competition.

Pure monopoly.

Question # 13 of 15 (Start time: 02:03:44 AM) Total Marks: 1

If a firm operates in a perfectly competitive market, then it will most likely:
Select correct option:

Advertise its product on television.

Have difficult time obtaining information about the market price.

Settle for whatever price is offered.

Have an easy time keeping other firms out of the market.

Question # 14 of 15 (Start time: 02:04:17 AM) Total Marks: 1

If diminishing marginal utility holds and a person consumes less of a good, then all else being equal:

Select correct option:

The price of the good will rise.

Marginal utility will rise.

Expenditure on the good will increase.

Marginal utility will decline.

Question # 15 of 15 (Start time: 02:05:26 AM) Total Marks: 1

Indifference curves that are convex to the origin reflect:
Select correct option:

An increasing marginal rate of substitution.

A decreasing marginal rate of substitution.

A constant marginal rate of substitution.

A marginal rate of substitution that first decreases then increases.

Question # 1 of 15 (Start time: 02:08:00 AM) Total Marks: 1

Which of the following is true about the total cost curve?
Select correct option:

It relates output with total cost.

It is usually upward sloping.

Gets steeper as output rises, due to diminishing marginal product of an input.

All of the given options are true.

Question # 2 of 15 (Start time: 02:09:25 AM) Total Marks: 1

Revenue is equal to:
Select correct option:

Price times quantity.

Price times quantity minus total cost.

Price times quantity minus average cost.

Price times quantity minus marginal cost.

Question # 3 of 15 (Start time: 02:10:14 AM) Total Marks: 1

A market is said to be in equilibrium when:

Select correct option:

Supply equals Price.

There is downward pressure on price.

The amount consumers wish to buy at the current price equals the amount producers wish to sell at that price.

All buyers are able to find sellers willing to sell to them at the current price.

Question # 4 of 15 (Start time: 02:11:23 AM) Total Marks: 1

If firms in a competitive industry are experiencing losses in the short run, then:

Select correct option:

The firms will try to raise prices.

Some firms will choose to shut down.

The industry will cease to exist.

New firms will enter the industry.

Question # 6 of 15 (Start time: 02:12:22 AM) Total Marks: 1

When an industry's raw material costs increase, other things remaining the same:

Select correct option:

The supply curve shifts to the left.

The supply curve shifts to the right.

Output increases regardless of the market price and the supply curve shifts upward.

Output decreases and the market price also decrease.

Question # 7 of 15 (Start time: 02:13:18 AM) Total Marks: 1

The key to keep inflation low is to keep monetary growth aligned with expected real output growth is The Real Business Cycles (RBC) School's thought.

Select correct option:

True

False

Question # 8 of 15 (Start time: 02:13:54 AM) Total Marks: 1

Which of the following is a characteristic of a mixed economy?

Select correct option:

In mixed economy, resources are governed by both government and individuals.
Mixed economy utilizes the characteristics of both market economy and planned economy to allocate goods and services.

People are free to make their decisions and government controls the Defence.

All of the given options are true.

Question # 9 of 15 (Start time: 02:14:53 AM) Total Marks: 1

Which of the following events shifts the short-run aggregate supply curve to the right?

Select correct option:

A decrease in the money supply

A drop in oil prices

An increase in government spending on military equipment

An increase in price expectations

Question # 10 of 15 (Start time: 02:15:15 AM) Total Marks: 1

The aggregate supply curve is the relationship between the:

Select correct option:

Price level and the real domestic output purchased

Price level and the real domestic output produced

Price level which producers are willing to accept and the price level purchasers are willing to pay

Real domestic output purchased and the real domestic output produced

Question # 11 of 15 (Start time: 02:16:02 AM) Total Marks: 1

Economists who are concerned about the behavior of individual households, firms and industries are studying:

Select correct option:

Microeconomics

Macroeconomics

Positive economics

Normative economics

Question # 12 of 15 (Start time: 02:16:22 AM) Total Marks: 1

The slope of the consumption function (or line) is the:

Select correct option:

Average propensity to save.

Average propensity to consume.

Marginal propensity to save.

Marginal propensity to consume.

Question # 13 of 15 (Start time: 02:16:43 AM) Total Marks: 1

In a perfectly competitive market:

Select correct option:

Firms can freely enter and exit.

Firms sell a differentiated product.

Transaction costs are high.

All of the given options.

Question # 14 of 15 (Start time: 02:17:16 AM) Total Marks: 1

The point at which AC intersects MC is where:

Select correct option:

AC is decreasing.

MC is at its minimum.

AC is at its minimum.

AC is at its maximum.

Question # 15 of 15 (Start time: 02:17:46 AM) Total Marks: 1

The total cost (TC) function is given as: $TC = 200 + 5Q$. What is the fixed cost?

Select correct option:

200.

5Q.

5.

$5 + (200/Q)$.

Which of the following concepts apply to oligopoly more than to any other market structure?

Select correct option:

Advertising and product differentiation

Easy entry and more than one firm in the market

Homogeneous product and perfect information
Concentration and interdependence

Question # 1 of 15 (Start time: 06:40:33 PM) Total Marks: 1

According to the model of aggregate supply and aggregate demand, in the long run, an increase in the money supply should cause

Select correct option:

Prices to rise and output to rise.

Prices to fall and output to remain unchanged

Prices to fall and output to fall.

Prices to rise and output to remain unchanged

Question # 2 of 15 (Start time: 06:41:56 PM) Total Marks: 1

You observe that the price of houses and the number of houses purchased both rise over the course of the year. You conclude that:

Select correct option:

The demand for houses has increased.

The demand curve for houses must be upward-sloping.

The supply of houses has increased.

Housing construction costs must be decreasing.

Question # 3 of 15 (Start time: 06:43:03 PM) Total Marks: 1

To hire the next worker the firm pays \$50. Fifty dollars is the:

Select correct option:

Marginal input cost

Marginal cost

Marginal revenue product

Marginal revenue

Question # 4 of 15 (Start time: 06:44:28 PM) Total Marks: 1

In the long run, profits will equal zero in a competitive market because of:

Select correct option:

The availability of information.

Identical products being produced by all firms.

Constant returns to scale.

Free entry and exit

Question # 5 of 15 (Start time: 06:45:42 PM) Total Marks: 1

Which of the following is NOT regarded as a source of inefficiency in monopolistic competition?

Select correct option:

Product diversity.

Excess capacity.

The fact that price exceeds marginal cost.

The fact that long-run average cost is not minimized.

Question # 6 of 15 (Start time: 06:46:53 PM) Total Marks: 1

Which of the following is a characteristic of a mixed economy?

Select correct option:

In mixed economy, resources are governed by both government and individuals.

Mixed economy utilizes the characteristics of both market economy and planned economy to allocate goods and services.

People are free to make their decisions and government controls the Defence.

All of the given options are true.

Question # 7 of 15 (Start time: 06:47:29 PM) Total Marks: 1

Naima has just finished school and is waiting to report to his new job at the beginning of the month. Naima is considered to be:

Select correct option:

Structurally unemployed.

Frictionally unemployed.

Cyclically unemployed.

Employed.

Question # 8 of 15 (Start time: 06:49:01 PM) Total Marks: 1

The shape of production possibilities curve is:

Select correct option:

Concave.

Convex.

Linear.

Positive.

Question # 9 of 15 (Start time: 06:50:19 PM) Total Marks: 1

If a firm operates in a perfectly competitive market, then it will most likely:

Select correct option:

Advertise its product on television.

Have difficult time obtaining information about the market price.

Settle for whatever price is offered.

Have an easy time keeping other firms out of the market.

Question # 10 of 15 (Start time: 06:51:18 PM) Total Marks: 1

We know that the demand for a product is elastic if:

Select correct option:

When price rises, revenue rises.

When price rises, revenue falls.

When price rises, quantity demanded rises.

When price falls, quantity demanded rises.

Question # 11 of 15 (Start time: 06:52:10 PM) Total Marks: 1

AD curve slopes downward for both Keynes and classicals.

Select correct option:

True

False

Question # 12 of 15 (Start time: 06:53:28 PM) Total Marks: 1

If marginal product is above the average product:

Select correct option:

The total product will fall

The average product will rise

Average variable costs will fall

Total revenue will fall

Question # 13 of 15 (Start time: 06:54:37 PM) Total Marks: 1

GDP measures:

Select correct option:

Expenditure on all final goods and services.

Total income of everyone in the economy.

Total value-added by all firms in the economy.

All of the given options

Question # 14 of 15 (Start time: 06:55:59 PM) Total Marks: 1

At the equilibrium price:

Select correct option:

There will be a shortage.

There will be neither a shortage nor a surplus.

There will be a surplus.

There are forces that cause the price to change.

Question # 15 of 15 (Start time: 06:56:26 PM) Total Marks: 1

In Keynesian economics, if aggregate expenditures are less than aggregate output then:

Select correct option:

The price level rises.

Inventories decrease.

Employment decreases.

Aggregate output increases.

Question # 1 of 15 (Start time: 06:07:15 PM) Total Marks: 1

Intermediate goods are meant for:

Select correct option:

Direct use by the consumers

further processing

The term do not exist

None

Question # 2 of 15 (Start time: 06:07:40 PM) Total Marks: 1

Indifference curves that are convex to the origin reflect:

Select correct option:

An increasing marginal rate of substitution.

A decreasing marginal rate of substitution.

A constant marginal rate of substitution.

A marginal rate of substitution that first decreases then increases.

Question # 3 of 15 (Start time: 06:08:53 PM) Total Marks: 1

If injections are less than withdrawals at the full-employment level of income then there arises:

Select correct option:

A deflationary gap.

Hysteresis.

Hyperinflation.

An inflationary gap.

Question # 4 of 15 (Start time: 06:09:46 PM) Total Marks: 1

An individual whose attitude towards risk is known as:

Select correct option:

Risk averse.

Risk loving.

Risk neutral.

None of the given is necessarily correct.

A normative economic statement:

Select correct option:

Is a statement of fact.

Is a hypothesis used to test economic theory.

Is a statement of what ought to be, not what is.

Is a statement of what will occur if certain assumptions are true.

Question # 6 of 15 (Start time: 06:10:20 PM) Total Marks: 1

When government sets the price of a good and that price is above the equilibrium price, the result will be:

Select correct option:

A surplus of the good.

A shortage of the good.

An increase in the demand for the good.

A decrease in the supply of the good.

Question # 7 of 15 (Start time: 06:11:37 PM) Total Marks: 1

In the long run, profits will equal zero in a competitive market because of:

Select correct option:

The availability of information.

Identical products being produced by all firms.

Constant returns to scale.

Free entry and exit

Question # 8 of 15 (Start time: 06:12:27 PM) Total Marks: 1

The short run, as economists use the phrase, is characterised by:
Select correct option:

All inputs being variable.

At least one fixed factor of production and firms neither leaving nor entering the industry.

No variable inputs - that is, all of the factors of production are fixed.

A period where the law of diminishing returns does not hold.

Question # 9 of 15 (Start time: 06:13:44 PM) Total Marks: 1

A Natural Monopoly is most likely to exist when:
Select correct option:

There are large barriers to entry.

There are long term patents.

There are large economies of scale.

There is government regulation of the industry.

Question # 10 of 15 (Start time: 06:14:27 PM) Total Marks: 1

If the cross price elasticity of demand between two products is +3.5, then:
Select correct option:

One of the products is expensive and one is relatively inexpensive.

One product is a normal good and the other is an inferior good.

The two products are complements.

The two products are substitutes

Question # 11 of 15 (Start time: 06:15:25 PM) Total Marks: 1

According to the model of aggregate supply and aggregate demand, in the long run, an increase in the money supply should cause
Select correct option:

Prices to rise and output to rise.

Prices to fall and output to remain unchanged

Prices to fall and output to fall.

Prices to rise and output to remain unchanged

Question # 12 of 15 (Start time: 06:16:51 PM) Total Marks: 1

In which market structure(s) will price exceed marginal revenue?
Select correct option:

Differentiated oligopoly and monopoly only
Standardized oligopoly and pure competition only
Monopolistic competition and monopoly only
Monopolistic competition, oligopoly, and monopoly

Question # 13 of 15 (Start time: 06:17:44 PM) Total Marks: 1

The average propensity to consume is the ratio of:

Select correct option:

A change in consumption to a change in disposable income.
A change in consumption to total disposable income at a specific income level.
Total consumption to total disposable income at a specific income level.
Total consumption to a change in disposable income.

Question # 14 of 15 (Start time: 06:19:04 PM) Total Marks: 1

If the supply of a product decreases and supply curve shifts leftward, and the demand for that product simultaneously increases and demand curve shifts rightward, then equilibrium:

Select correct option:

Price must rise.
Price must fall.
Quantity must rise.
Quantity must fall.

Question # 15 of 15 (Start time: 06:20:00 PM) Total Marks: 1

Consumption spending, investment expenditures, government expenditures, and net exports are:

Select correct option:

The components of aggregate supply
The components of government revenue
The components of aggregate demand
The components of household income

Which of the following statements describes increasing returns to scale:

Select correct option:

Doubling the inputs used leads to double the output.
Increasing the inputs by 50% leads to a 25% increase in output.

Increasing inputs by $1/4$ leads to an increase in output of $1/3$.

None of the given options.

A market with few entry barriers and with many firms that sell differentiated products is known as:

Select correct option:

Purely competitive

A monopoly

Monopolistically competitive

Oligopolistic

unlike the classical economists, Keynes believed that the economy could get stuck in the short run for a significant period of time because:

Select correct option:

There was insufficient aggregate supply(not sure)

There was insufficient aggregate demand

The self correcting mechanisms worked too quickly

The government purchased too many goods and services

When the marginal revenue product is greater than the marginal input cost of labor, the profit maximizing firm will:

Select correct option:

Hire more

Hire less

Maintain the same employment

Decrease output

If there is a price ceiling, there will be:

Select correct option:

Shortages.

Surpluses.

Equilibrium.

None of the given options.

At any given point on an indifference curve, the the slope is equal to:

Select correct option:

Unity.

The marginal rate of substitution.

The consumer's marginal utility.

None of the given options.

The market structure in which there is interdependence among firms is:

Select correct option:

Monopolistic competition.

Oligopoly.

Perfect competition.

Monopoly.

Under New Classical macroeconomics monetary policy:

Select correct option:

Affects the level of equilibrium output

Affects the composition of equilibrium output

Affects both the level and composition of equilibrium output (not sure)

None of the given options

More output could be produced with available resources if:

Select correct option:

Resources are allocated efficiently.

Resources are imperfectly shiftable among alternative uses.

Prices are reduced.

The economy is operating at a point inside the production possibilities curve.

Which of the following is TRUE about L-shaped isoquant?

Select correct option:

It is impossible.

It indicates that the firm could switch from one output to another costlessly.

It indicates that the firm could not switch from one output to another.

It indicates that capital and labor cannot be substituted for each other in production.

Production possibilities analysis assumes that:

Select correct option:

Resources and technology increase with production.
Resources are used to produce thousands of goods.
Extra resources are saved for emergency use.
Resources are used in a technically efficient way.

A demand schedule is best described as:
Select correct option:

A numerical tabulation of the quantity demanded of a good at different prices, ceteris paribus.
A graphical representation of the law of demand.
A systematic listing of all the variables that might conceivably bring about a change in demand.
A symbolic representation of the law of demand: P, Q and P, Q.

Deflation is:
Select correct option:

An increase in the overall level of economic activity.
An increase in the overall price level.
A decrease in the overall level of economic activity.
A decrease in the overall price level

The substitution effect of a price decrease for a good with a normal indifference curve pattern:
Select correct option:

Is always inversely related to the price change.
Measures the change in consumption of the good that is due to the consumer's feeling of being richer.
Is measured by the horizontal distance between the original and the new indifference curves.
Is sufficient information to plot an ordinary demand curve for the commodity being considered.

The total cost (TC) function is given as: $TC = 200 + 5Q$. What is the fixed cost?
Select correct option:

200.
5Q.

5.

$$5 + (200/Q).$$

Which of the following is a benefit of real economic growth to a society?

Select correct option:

Everyone enjoys a greater nominal income.

The standard of living increases.

The burden of scarcity increases.

The society is less able to satisfy new wants.

The demand curve faced by an individual firm in a competitive market is:

Select correct option:

Upward sloping.

Downward sloping.

Horizontal.

Vertical.

Following are the disadvantages of monopoly EXCEPT:

Select correct option:

Monopolists earn higher profits.

Monopolists produce high quality goods at higher prices.

Most of the “surplus” (producer + consumer surplus) accrues to monopolists.

Monopolists do not pay sufficient attention to increasing efficiency.

If the demand curve for a good is downward sloping, then the good:

Select correct option:

Must be normal.

Must be inferior.

Must be Giffen.

Can be normal or inferior.

The total cost (TC) function is given as: $TC = 200 + 5Q$. What is the fixed cost?

Select correct option:

200.

5Q.

5.

$$5 + (200/Q).$$

The market structure in which there is interdependence among firms is:

Select correct option:

Monopolistic competition.

Oligopoly.

Perfect competition.

Monopoly.

According to the law of diminishing returns:

Select correct option:

The marginal product falls as more units of a variable factor are added to a fixed factor.

Marginal utility falls as more units of a product are consumed.

The total product falls as more units of a variable factor are added to a fixed factor.

The marginal product increases as more units of a variable factor are added to a fixed factor.

When the demand curve is downward sloping, marginal revenue is:

Select correct option:

Equal to price.

Equal to average cost.

Less than price.

More than price.

Economists who are concerned about the behavior of individual households, firms and industries are studying:

Select correct option:

Microeconomics

Macroeconomics

Positive economics

Normative economics

Unemployment benefits may increase the unemployment rate because unemployment benefits:

Select correct option:

Reduce the cost of job search.

Encourage people to quit their jobs.

Reduce the benefits of additional job searching.

Enable people to quit searching for work.

A "Giffen good" is defined as one for which:

Select correct option:

Marginal utility is zero.

The demand curve is perfectly elastic.

The substitution effect is positive.

The demand curve is positively sloped.

The price elasticity of supply shows us:

Select correct option:

How steep the supply curve is.

How fast supply responds to price.

How much supply shifts when income changes.

How much quantity supplied responds to price changes.

The short run, as economists use the phrase, is characterised by:

Select correct option:

All inputs being variable.

At least one fixed factor of production and firms neither leaving nor entering the industry.

No variable inputs - that is, all of the factors of production are fixed.

A period where the law of diminishing returns does not hold.

If there is a price ceiling, there will be:

Select correct option:

Shortages.

Surpluses.

Equilibrium.

None of the given options.

Profit is maximized when:

Select correct option:

Marginal revenue product is greater than marginal input cost

Marginal revenue product equals marginal input cost

Marginal revenue product is less than marginal input cost

Output is maximized

Question # 1 of 15 (Start time: 08:16:31 PM) Total Marks: 1

A "Giffen good" is defined as one for which:

Select correct option:

Marginal utility is zero.

The demand curve is perfectly elastic.

The substitution effect is positive.

The demand curve is positively sloped.

Question # 2 of 15 (Start time: 08:17:34 PM) Total Marks: 1

The burden of a tax is shifted toward buyers if:

Select correct option:

Demand is perfectly elastic.

Demand is relatively more elastic than supply.

Demand is relatively more inelastic than supply.

Demand and supply have equal elasticities.

Question # 3 of 15 (Start time: 08:18:25 PM) Total Marks: 1

If the cross price elasticity of demand between two products is +3.5, then:

Select correct option:

One of the products is expensive and one is relatively inexpensive.

One product is a normal good and the other is an inferior good.

The two products are complements.

The two products are substitutes.

Question # 4 of 15 (Start time: 08:19:02 PM) Total Marks: 1

In the long run, profits will equal zero in a competitive market because of:

Select correct option:

The availability of information.

Identical products being produced by all firms.

Constant returns to scale.

Free entry and exit

Question # 5 of 15 (Start time: 08:19:40 PM) Total Marks: 1

The unemployment rate is equal to :

Select correct option:

Number of employed persons / labour force x 100.

Number of unemployed persons + labour force.

(Number of unemployed persons / labour force) x 100.

None of the given options.

Question # 8 of 15 (Start time: 08:23:00 PM) Total Marks: 1

A graph showing all the combinations of capital and labour available for a given total cost is the:

Select correct option:

Budget constraint.

Expenditure set.

isoquant.

isocost line.

Question # 9 of 15 (Start time: 08:23:49 PM) Total Marks: 1

The substitution effect of a price decrease for a good with a normal indifference curve pattern:

Select correct option:

Is always inversely related to the price change.

Measures the change in consumption of the good that is due to the consumer's feeling of being richer.

Is measured by the horizontal distance between the original and the new indifference curves.

Is sufficient information to plot an ordinary demand curve for the commodity being considered.

Question # 10 of 15 (Start time: 08:24:38 PM) Total Marks: 1

Economists who are concerned about the behavior of individual households, firms and industries are studying:

Select correct option:

Microeconomics

Macroeconomics

Positive economics

Normative economics

Question # 11 of 15 (Start time: 08:25:11 PM) Total Marks: 1

When the marginal revenue product is greater than the marginal input cost of labor, the profit maximizing firm will:

Select correct option:

Hire more

Hire less

Maintain the same employment

Decrease output

Question # 12 of 15 (Start time: 08:25:49 PM) Total Marks: 1

The investment demand curve shows the relationship between the levels of:

Select correct option:

Investment and consumption.

Consumption and interest rate.

Investment and interest rate.

Investment and saving.

Question # 13 of 15 (Start time: 08:26:41 PM) Total Marks: 1

Which of the following defines the opportunity cost?

Select correct option:

It is measured only in rupees.

It is the cost to society of producing the goods.

It is the difficulty associated with using one good in place of another.

It is the cost of next best alternative forgone.

Question # 14 of 15 (Start time: 08:27:26 PM) Total Marks: 1

The opportunity cost of an action:

Select correct option:

Will be the same for everyone.

Is the value of the next best alternative.

Measures the undesirable aspects of that action.

Is the average amount of unhappiness experienced by everyone involved.

Question # 15 of 15 (Start time: 08:28:03 PM) Total Marks: 1

A reason why some economists basically ignore the short run is because they believe that

the economy:

Select correct option:

Has self-correcting mechanisms

Can only be graphed with a vertical curve

Can only be graphed with a horizontal curve

Never needs correction

A demand schedule is best described as:

Select correct option:

A numerical tabulation of the quantity demanded of a good at different prices, ceteris paribus.

A graphical representation of the law of demand.

A systematic listing of all the variables that might conceivably bring about a change in demand.

A symbolic representation of the law of demand: P, Q and P, Q.

The short run, as economists use the phrase, is characterised by:

Select correct option:

All inputs being variable.

At least one fixed factor of production and firms neither leaving nor entering the industry.

No variable inputs - that is, all of the factors of production are fixed.

A period where the law of diminishing returns does not hold.

In a macroeconomic model, without foreign trade or government spending, aggregate demand is the sum of:

Select correct option:

Personal saving and private investment.

Personal saving and personal consumption.

Personal consumption and personal income.

Personal consumption and private investment.

The unemployment rate is equal to :

Select correct option:

Number of employed persons / labour force x 100.

Number of unemployed persons + labour force.

(Number of unemployed persons / labour force) x 100.

None of the given options.

The study of economics basically focuses on:

Select correct option:

For whom resources are allocated to increase efficiency.

How society spends the income of individuals.

How scarce resources are allocated to fulfill society's goals.

What scarce resources are used to produce goods and services.

Insurance companies operate under the principle of:

Select correct option:

Law of large numbers.

Law of small numbers.

Law of zero numbers.

All of the given options.

Inflation:

Select correct option:

Reduces both the purchasing power of the dollar and one's real income.

Reduces the purchasing power of the dollar and increases one's real income.

Reduces the purchasing power of the dollar but may have no impact on one's real income.

Increases the purchasing power of the dollar and reduces one's real income

The primary result of inflation is:

Select correct option:

A rise in personal wealth.

A rise in wages.

A decline in prices.

A decline in the value of money.

Assume that the current market price is above the market clearing level. We would expect:

Select correct option:

A shortage to accumulate.

Downward pressure on the current market price.

Upward pressure on the current market price.
Lower production during the next time period.

Intermediate goods are meant for:
Select correct option:

Direct use by the consumers
further processing
The term do not exist
None

If a profit-maximizing firm finds that, at its current level of production, $MR < MC$, it will:
Select correct option:

Increase output.
Operate at a loss.
Shut down.
Decrease output.

When the price elasticity of demand for a good is greater than 1, we say that the demand is:
Select correct option:

Increasing.
Decreasing.
Elastic.
Inelastic.

Each of the following is one of the four sets of factors that determine the level of total spending EXCEPT:
Select correct option:

Consumer's baseline spending, C_0 .
Foreign real GDP, Y_f . (not sure)
Government purchases, G .
Investor's baseline spending in the stock market.

Many economists and government analysts have investigated the effect of a minimum wage on labour markets. The general conclusion reached by the investigators is that:
Select correct option:

The overall effect of the minimum wage is an increase in the unemployment level.

Teenagers gain most of the beneficial employment effects of the minimum wage.

All industries are equally affected by the minimum wage laws.

Over a period of time, the minimum wage laws will increase employment in the economy.

The law of diminishing marginal utility indicates that the demand curve is:

Select correct option:

Vertical.

U shaped.

Upward sloping.

Downward sloping.

Question # 1 of 15 (Start time: 08:41:55 PM) Total Marks: 1

The upward-sloping aggregate supply curve indicates that:

Select correct option:

As firms increase their level of output, the cost of producing an extra unit increases

An increase in aggregate demand causes little, if any increase in real output

The economy is operating in the long run

Any increase in aggregate demand causes the output of producers to fall because the general price level rises

Question # 2 of 15 (Start time: 08:42:48 PM) Total Marks: 1

Marginal Cost is defined as:

Select correct option:

The derivative of Variable Cost with respect to quantity produced.

The derivative of Average Cost with respect to quantity produced.

The derivative of Total Cost with respect to quantity produced.

The derivative of Average Variable Cost with respect to quantity produced

Question # 3 of 15 (Start time: 08:44:13 PM) Total Marks: 1

In a perfectly competitive market:

Select correct option:

Firms can freely enter and exit.

Firms sell a differentiated product.
Transaction costs are high.
All of the given options.

Question # 4 of 15 (Start time: 08:44:50 PM) Total Marks: 1

When an industry's raw material costs increase, other things remaining the same:
Select correct option:

The supply curve shifts to the left.

The supply curve shifts to the right.

Output increases regardless of the market price and the supply curve shifts upward.

Output decreases and the market price also decrease.

Question # 5 of 15 (Start time: 08:45:38 PM) Total Marks: 1

In the kinked demand curve model, if one firm reduces its price:
Select correct option:

Other firms will also reduce their price

Other firms will compete on a non-price basis

Other firms will raise their price

Both (a) and (b) are correct

Question # 6 of 15 (Start time: 08:46:46 PM) Total Marks: 1

The aggregate supply curve is the relationship between the:
Select correct option:

Price level and the real domestic output purchased

Price level and the real domestic output produced

Price level which producers are willing to accept and the price level purchasers are willing to pay

Real domestic output purchased and the real domestic output produced

Question # 7 of 15 (Start time: 08:47:34 PM) Total Marks: 1

In monopolist market, a new entrant firm should produce where:
Select correct option:

Marginal Cost < Marginal Revenue.

Marginal Cost > Marginal Revenue.

Marginal Cost = Marginal Revenue.

Marginal Cost = Average Revenue.

Question # 8 of 15 (Start time: 08:48:36 PM) Total Marks: 1

If a decrease in price increases total revenue:

Select correct option:

Demand is elastic.

Demand is inelastic.

Supply is elastic.

Supply is inelastic

Question # 9 of 15 (Start time: 08:49:20 PM) Total Marks: 1

In a production process, all inputs are increased by 10%; but output increases more than 10%. This means that the firm experiences:

Select correct option:

Decreasing returns to scale.

Constant returns to scale.

Increasing returns to scale.

Negative returns to scale.

Question # 10 of 15 (Start time: 08:50:08 PM) Total Marks: 1

The market structure in which strategic considerations are most important is:

Select correct option:

Monopolistic competition.

Oligopoly.

Pure competition.

Pure monopoly.

Question # 11 of 15 (Start time: 08:50:48 PM) Total Marks: 1

If marginal product is below average product:

Select correct option:

The total product will fall

The average product will fall

Average variable costs will fall

Total revenue will fall

Question # 12 of 15 (Start time: 08:51:33 PM) Total Marks: 1

When the demand curve is downward sloping, marginal revenue is:

Select correct option:

Equal to price.
Equal to average cost.
Less than price.
More than price.

Question # 13 of 15 (Start time: 08:51:59 PM) Total Marks: 1
Diminishing marginal returns implies:
Select correct option:

Decreasing marginal costs.
Increasing marginal costs.
Decreasing average variable costs.
Decreasing average fixed costs.

Question # 14 of 15 (Start time: 08:52:50 PM) Total Marks: 1
If the equilibrium price of bread is Rs. 3 and the government imposes Rs. 2 price ceiling on the price of bread then:
Select correct option:

More bread will be produced to meet the increased demand.
There will be a shortage of bread.
The demand for bread will decrease because suppliers will reduce their supply.
A surplus of bread will emerge.

Question # 15 of 15 (Start time: 08:53:33 PM) Total Marks: 1
The demand for chicken is downward-sloping. Suddenly the price of chicken rises from Rs. 130 per kg to Rs. 140 per kg. This will cause:
Select correct option:

The demand curve of chicken to shift to the right.
The demand curve of chicken to shift to the left.
Quantity demanded of chicken to increase.
Quantity demanded of chicken to decrease.

Question # 1 of 15 (Start time: 08:55:11 PM) Total Marks: 1
Moving from left to right, the typical production possibilities curve:
Select correct option:

Is horizontal.
Has a constant positive slope.

Illustrates increasing opportunity costs.

Illustrates decreasing opportunity costs.

Question # 2 of 15 (Start time: 08:55:51 PM) Total Marks: 1

Goods X and Y are complements while goods X and Z are substitutes. If the supply of good X increases:

Select correct option:

The demand for both Y and Z will increase

The demand for Y will increase while the demand for Z will decrease

The demand for Y will decrease while the demand for Z will increase

The demand for both Y and Z will decrease

Question # 3 of 15 (Start time: 08:56:32 PM) Total Marks: 1

If two goods were perfect complements, their indifference curves would be:

Select correct option:

Straight lines

L-shaped

Rectangular hyperbolas

Parabolic

Question # 4 of 15 (Start time: 08:57:14 PM) Total Marks: 1

In Keynesian economics, if aggregate expenditures are less than aggregate output then:

Select correct option:

The price level rises.

Inventories decrease.

Employment decreases.

Aggregate output increases.

Question # 5 of 15 (Start time: 08:57:58 PM) Total Marks: 1

The demand curve faced by an individual firm in a competitive market is:

Select correct option:

Upward sloping.

Downward sloping.

Horizontal.

Vertical.

Question # 6 of 15 (Start time: 08:58:33 PM) Total Marks: 1

The short run, as economists use the phrase, is characterised by:
Select correct option:

All inputs being variable.

At least one fixed factor of production and firms neither leaving nor entering the industry.

No variable inputs - that is, all of the factors of production are fixed.

A period where the law of diminishing returns does not hold.

Question # 7 of 15 (Start time: 08:59:07 PM) Total Marks: 1

Price floor results in:

Select correct option:

Equilibrium.

Excess demand.

Excess supply.

All of the given options.

Question # 8 of 15 (Start time: 08:59:41 PM) Total Marks: 1

If marginal product is above the average product:

Select correct option:

The total product will fall

The average product will rise

Average variable costs will fall

Total revenue will fall

Question # 9 of 15 (Start time: 09:00:12 PM) Total Marks: 1

GDP measures:

Select correct option:

Expenditure on all final goods and services.

Total income of everyone in the economy.

Total value-added by all firms in the economy.

All of the given options

Question # 10 of 15 (Start time: 09:00:40 PM) Total Marks: 1

The law of diminishing marginal utility indicates that the demand curve is:

Select correct option:

Vertical.

U shaped.
Upward sloping.
Downward sloping.

Question # 11 of 15 (Start time: 09:01:14 PM) Total Marks: 1

The average propensity to consume is the ratio of:

Select correct option:

A change in consumption to a change in disposable income.
A change in consumption to total disposable income at a specific income level.
Total consumption to total disposable income at a specific income level.
Total consumption to a change in disposable income.

Question # 12 of 15 (Start time: 09:01:54 PM) Total Marks: 1

Monopolistically competitive firms have monopoly power because they:

Select correct option:

Face downward sloping demand curves.
Are great in number.
Have freedom of entry.
Are free to advertise.

Question # 13 of 15 (Start time: 09:02:41 PM) Total Marks: 1

The production possibilities curve:

Select correct option:

Shows all combinations of goods that society most desires.
Indicates that any combination of goods lying outside the curve is attainable.
Shows the maximum level of output that an economy can produce with all the available resources.
Shows only those combinations of two goods that reflect "full production".

Question # 14 of 15 (Start time: 09:03:33 PM) Total Marks: 1

What is the reason of leftward shift in the demand curve for product A?

Select correct option:

A decrease in income if A is an inferior good.
An increase in income if A is a normal good.
An increase in the price of a product that is a close substitute for A.
An increase in the price of a product that is complementary to A.

Question # 15 of 15 (Start time: 09:04:36 PM) Total Marks: 1

All other things equal, GDP will rise if:

Select correct option:

Imports rise

Exports fall

Durable goods consumption rises

Military spending falls

Question # 1 of 15 (Start time: 09:06:15 PM) Total Marks: 1

In Keynesian economics, if aggregate expenditures are less than aggregate output then:

Select correct option:

The price level rises.

Inventories decrease.

Employment decreases.

Aggregate output increases.

Question # 2 of 15 (Start time: 09:06:44 PM) Total Marks: 1

If your demand price for one unit of a good is Rs. 100 and the market price is Rs. 75, your consumer's surplus will be:

Select correct option:

Rs.25.

Rs.50.

Rs.75.

Rs.100.

Question # 3 of 15 (Start time: 09:07:17 PM) Total Marks: 1

The primary result of inflation is:

Select correct option:

A rise in personal wealth.

A rise in wages.

A decline in prices.

A decline in the value of money.

Question # 4 of 15 (Start time: 09:07:48 PM) Total Marks: 1

Intermediate goods are meant for:

Select correct option:

Direct use by the consumers
further processing
The term do not exist
None

Question # 5 of 15 (Start time: 09:08:43 PM) Total Marks: 1

The total cost (TC) function is given as: $TC = 200 + 5Q$. What is the variable cost?
Select correct option:

200.
5Q.
5.
 $5 + (200/Q)$.

Question # 6 of 15 (Start time: 09:09:12 PM) Total Marks: 1

Final goods are meant for:
Select correct option:

Direct use by the consumers
further processing
The term do not exist
None

Question # 7 of 15 (Start time: 09:10:19 PM) Total Marks: 1

In Keynesian economics, equilibrium can occur:
Select correct option:

Only at full employment.
Only at levels less than full employment.
Only at levels greater than full employment.
At any level of aggregate output equal to aggregate expenditures.

Question # 8 of 15 (Start time: 09:11:13 PM) Total Marks: 1

Suppose that a farmer grows wheat and sells it to a baker for \$1, the baker makes bread and sells it to a store for \$2, and the store sells it to the customer for \$3. This transaction increases GDP by:
Select correct option:

\$1.
\$2.

\$3.

\$6.

Question # 9 of 15 (Start time: 09:12:02 PM) Total Marks: 1

In the long run, profits will equal zero in a competitive market because of:

Select correct option:

The availability of information.

Identical products being produced by all firms.

Constant returns to scale.

Free entry and exit

Question # 10 of 15 (Start time: 09:12:58 PM) Total Marks: 1

The concave shape of the production possibilities curve for two goods X and Y illustrates:

Select correct option:

Increasing opportunity costs for both goods.

Increasing opportunity cost for good X but not for good Y.

Increasing opportunity cost for good Y but not for good X.

Constant opportunity costs for both goods.

Question # 11 of 15 (Start time: 09:14:05 PM) Total Marks: 1

A (n) _____ may start a price war in order to get a larger share of the market

Select correct option:

Perfect competitor

Oligopolist

Monopolist

Economist

Question # 12 of 15 (Start time: 09:14:59 PM) Total Marks: 1

Which of the following is a benefit of real economic growth to a society?

Select correct option:

Everyone enjoys a greater nominal income.

The standard of living increases.

The burden of scarcity increases.

The society is less able to satisfy new wants.

Question # 13 of 15 (Start time: 09:15:53 PM) Total Marks: 1

A £1 increase in government spending will have a larger impact upon national income than a £1 tax cut because:

Select correct option:

The government prints the pound it spends.

Not all of a tax cut is spent.

When taxes are cut, so too is government spending.

Taxes are an injection into the system.

Question # 14 of 15 (Start time: 09:17:24 PM) Total Marks: 1

The correlation between an asset's real rate of return and its risk (as measured by its standard deviation) is usually:

Select correct option:

Positive.

Strictly linear.

Flat.

Negative.

Question # 15 of 15 (Start time: 09:18:21 PM) Total Marks: 1

Which of the following might be considered to be a characteristic of a planned economy?

Select correct option:

All income is completely evenly distributed.

Price is relatively unimportant as a means of allocating resources.

Goods and services produced reflect consumer sovereignty.

There is no incentive for people to work hard.

Question # 1 of 15 (Start time: 09:19:58 PM) Total Marks: 1

At the equilibrium price:

Select correct option:

There will be a shortage.

There will be neither a shortage nor a surplus.

There will be a surplus.

There are forces that cause the price to change.

Question # 2 of 15 (Start time: 09:20:28 PM) Total Marks: 1

The price elasticity of supply shows us:

Select correct option:

How steep the supply curve is.
How fast supply responds to price.
How much supply shifts when income changes.
How much quantity supplied responds to price changes.

Question # 3 of 15 (Start time: 09:21:14 PM) Total Marks: 1

When the price of petrol rises by 8%, the quantity of petrol purchased falls by 6%. This shows that the demand for petrol is:
Select correct option:

Perfectly elastic.
Unit elastic.
Price elastic.
Price inelastic.

Question # 4 of 15 (Start time: 09:22:03 PM) Total Marks: 1

A negatively sloped isoquant implies:
Select correct option:

Products with negative marginal utilities.
Products with positive marginal utilities.
Inputs with negative marginal products.
Inputs with positive marginal products.

Question # 5 of 15 (Start time: 09:23:07 PM) Total Marks: 1

A schedule which shows the various amounts of a product consumers are willing and able to purchase at each price in a series of possible prices during a specified period of time is called:
Select correct option:

Supply Scedule.
Demand Scedule.
Quantity supplied Scedule.
Quantity demanded Scedule.

Question # 6 of 15 (Start time: 09:23:58 PM) Total Marks: 1

If we observe that the production possibilities curve becomes steeper as we move down along the curve, then:
Select correct option:

Opportunity costs are increasing.

Society's resources are limited.

Society's wants are unlimited.

Society's wants are unlimited.

Question # 7 of 15 (Start time: 09:25:29 PM) Total Marks: 1

Which best expresses the law of demand?

Select correct option:

A higher price reduces demand.

A lower price reduces demand.

A higher price reduces quantity demanded.

A lower price shifts the demand curve to the right.

Question # 8 of 15 (Start time: 09:26:16 PM) Total Marks: 1

_____ is the rate at which a firm can substitute capital for labour and hold output constant.

Select correct option:

Diminishing marginal returns.

Marginal rate of substitution.

Marginal rate of factor substitution.

Marginal rate of production.

Question # 9 of 15 (Start time: 09:27:31 PM) Total Marks: 1

Which of the following is the requirement of an industry to be perfectly competitive?

Select correct option:

There are no restrictions on entry into or exit from the market.

There are multiple restrictions on entry into or exit from the market.

There are many firms selling different products.

Sellers and buyers have imperfect information about prices

Question # 10 of 15 (Start time: 09:28:53 PM) Total Marks: 1

Which of the following markets is most likely to be oligopolistic?

Select correct option:

The market for corn.

The market for aluminum.

The market for colas.

The market for ground coffees.

Question # 11 of 15 (Start time: 09:30:20 PM) Total Marks: 1

GDP is:

Select correct option:

A stock

A flow.

Both a stock and a flow.

Neither a stock nor a flow.

Question # 12 of 15 (Start time: 09:31:18 PM) Total Marks: 1

If two goods were perfect complements, their indifference curves would be:

Select correct option:

Straight lines

L-shaped

Rectangular hyperbolas

Parabolic

Which of the following concepts apply to oligopoly more than to any other market structure?

Select correct option:

Advertising and product differentiation

Easy entry and more than one firm in the market

Homogeneous product and perfect information

Concentration and interdependence

Question # 14 of 15 (Start time: 09:33:04 PM) Total Marks: 1

According to Classical models, the level of employment is determined primarily by:

Select correct option:

The level of aggregate demand for goods and services.

Prices and wages.

Government taxation.

Government spending.

Keynes advocated demand-side policies to lift the economy out of that equilibrium towards full employment.

Select correct option:

True

False

Question # 1 of 15 (Start time: 09:35:40 PM) Total Marks: 1

Goods X and Y are complements while goods X and Z are substitutes. If the supply of good X increases:

Select correct option:

The demand for both Y and Z will increase

The demand for Y will increase while the demand for Z will decrease

The demand for Y will decrease while the demand for Z will increase

The demand for both Y and Z will decrease

Question # 2 of 15 (Start time: 09:36:36 PM) Total Marks: 1

Suppose we find that the cross-price elasticity of demand for two products is a negative number. We know that:

Select correct option:

The two goods are normal goods.

The two goods are inferior goods.

The two goods are substitutes.

The two goods are complements.

Question # 3 of 15 (Start time: 09:37:35 PM) Total Marks: 1

Demand is elastic when the elasticity of demand is:

Select correct option:

Greater than 0.

Greater than 1.

Less than 1.

Less than 0.

Question # 4 of 15 (Start time: 09:38:35 PM) Total Marks: 1

In which market structure(s) will price exceed marginal revenue?

Select correct option:

Differentiated oligopoly and monopoly only

Standardized oligopoly and pure competition only

Monopolistic competition and monopoly only

Monopolistic competition, oligopoly, and monopoly

Question # 5 of 15 (Start time: 09:39:33 PM) Total Marks: 1

The labour force is made up of:

Select correct option:

The number of people employed minus the number of people unemployed.

The number of people employed plus the number of people unemployed.

Just the number of people employed.

The whole population.

Question # 6 of 15 (Start time: 09:40:26 PM) Total Marks: 1

Indifference curves that are convex to the origin reflect:

Select correct option:

An increasing marginal rate of substitution.

A decreasing marginal rate of substitution.

A constant marginal rate of substitution.

A marginal rate of substitution that first decreases then increases.

Question # 7 of 15 (Start time: 09:41:31 PM) Total Marks: 1

According to Keynesian economics, aggregate expenditures are the sum of desired or planned spending undertaken by:

Select correct option:

The household sector after taxes.

The business and government sectors.

All four sectors only when the economy is at full employment.

All four sectors at a specific aggregate production level.

Question # 8 of 15 (Start time: 09:42:42 PM) Total Marks: 1

If a profit-maximizing firm finds that, at its current level of production, $MR < MC$, it will:

Select correct option:

Increase output.

Operate at a loss.

Shut down.

Decrease output.

Question # 9 of 15 (Start time: 09:43:45 PM) Total Marks: 1

“Each firm produces an identical product and there is freedom of entry and exit”. This is

TRUE for which of the following market structures?

Select correct option:

For Monopoly.

For Oligopoly.

For Perfect competition.

For Monopolistic competition.

Question # 10 of 15 (Start time: 09:45:04 PM) Total Marks: 1

Revenue is equal to:

Select correct option:

Price times quantity.

Price times quantity minus total cost.

Price times quantity minus average cost.

Price times quantity minus marginal cost.

Question # 11 of 15 (Start time: 09:46:33 PM) Total Marks: 1

Suppose price rises from Rs. 15 to Rs. 17 and quantity demanded decreases by 20%. We can conclude:

Select correct option:

Demand is inelastic.

The elasticity of demand is 2.

Total revenue will decrease.

Demand is unit elastic.

Question # 12 of 15 (Start time: 09:47:38 PM) Total Marks: 1

The extra value that consumers receive above what they pay for that good is called:

Select correct option:

Producer surplus.

Utility.

Marginal utility.

Consumer surplus.

Question # 13 of 15 (Start time: 09:48:57 PM) Total Marks: 1

Graphically, marginal revenue is defined as:

Select correct option:

The slope of a line from the origin to a point on the total revenue curve.

The slope of a line from the origin to the end of the total revenue curve.

The slope of the total revenue curve at a given point.

The vertical intercept of a line tangent to the total revenue curve at a given point.

Question # 14 of 15 (Start time: 09:50:34 PM) Total Marks: 1

A demand schedule is best described as:

Select correct option:

A numerical tabulation of the quantity demanded of a good at different prices, *ceteris paribus*.

A graphical representation of the law of demand.

A systematic listing of all the variables that might conceivably bring about a change in demand.

A symbolic representation of the law of demand: P , Q and P , Q .

Question # 15 of 15 (Start time: 09:51:49 PM) Total Marks: 1

Microeconomics is the branch of economics that deals with which of the following topics?

Select correct option:

The behavior of individual consumers

Unemployment and interest rates

The behavior of individual firms and investors

The behavior of individual consumers and behavior of individual firms and investors.

Question # 1 of 15 (Start time: 09:53:39 PM) Total Marks: 1

The slope of the saving function (or line) is the:

Select correct option:

Average propensity to save.

Average propensity to consume.

Marginal propensity to save.

Marginal propensity to consume.

Question # 2 of 15 (Start time: 09:55:03 PM) Total Marks: 1

Which of the following markets is most likely to be oligopolistic?

Select correct option:

The market for corn.

The market for aluminum.

The market for colas.

The market for ground coffees.

Question # 3 of 15 (Start time: 09:56:11 PM) Total Marks: 1

A monopolistically competitive firm in short run equilibrium:

Select correct option:

Will make negative profit (lose money).

Will make zero profit (break-even).

Will make positive profit.

Any of the given is possible.

Question # 4 of 15 (Start time: 09:57:03 PM) Total Marks: 1

In pure capitalism, freedom of enterprise means that:

Select correct option:

Businesses are free to produce products that consumers want.

Consumers are free to buy goods and services that they want.

Resources are distributed freely to businesses that want them.

Government is free to direct the actions of businesses.

Question # 5 of 15 (Start time: 09:57:44 PM) Total Marks: 1

The extra value that consumers receive above what they pay for that good is called:

Select correct option:

Producer surplus.

Utility.

Marginal utility.

Consumer surplus.

Question # 6 of 15 (Start time: 09:58:27 PM) Total Marks: 1

If two goods were perfect complements, their indifference curves would be:

Select correct option:

Straight lines

L-shaped

Rectangular hyperbolas

Parabolic

Question # 7 of 15 (Start time: 09:58:47 PM) Total Marks: 1

If consumer incomes increase, the demand for product Y:

Select correct option:

Will necessarily remain unchanged.

Will shift to the right if Y is a complementary good.

Will shift to the right if Y is a normal good.

Will shift to the right if Y is an inferior good.

Question # 8 of 15 (Start time: 09:59:29 PM) Total Marks: 1

Assume that the government sets a ceiling on the interest rate that banks charge on loans.

If the ceiling is set below the market equilibrium interest rate, the result will be:

Select correct option:

A surplus of credit.

A shortage of credit.

Greater profits for banks issuing credit.

A perfectly inelastic supply of credit in the market place.

Question # 9 of 15 (Start time: 10:00:03 PM) Total Marks: 1

If the supply of a product decreases and supply curve shifts leftward, and the demand for that product simultaneously increases and demand curve shifts rightward, then equilibrium:

Select correct option:

Price must rise.

Price must fall.

Quantity must rise.

Quantity must fall.

Question # 10 of 15 (Start time: 10:00:35 PM) Total Marks: 1

Oligopoly differs from monopolistic competition in that an oligopoly includes:

Select correct option:

Product differentiation.

No barriers to entry.

Barriers to entry.

Downward sloping demand curves facing the firm.

Question # 11 of 15 (Start time: 10:01:17 PM) Total Marks: 1

The percentage change in quantity demanded given a percentage change in consumer's

income is known as:
Select correct option:

Price elasticity of demand.
Income elasticity of demand.
Supply price elasticity.
Cross price elasticity.

Question # 12 of 15 (Start time: 10:02:26 PM) Total Marks: 1
If there is a price ceiling, there will be:
Select correct option:

Shortages.
Surpluses.
Equilibrium.
None of the given options.

Question # 13 of 15 (Start time: 10:03:02 PM) Total Marks: 1
Price elasticities are measured in percentage terms because:
Select correct option:

It makes students' lives more complicated.
The resulting measure is unit free.
It gives a more accurate answer.
The answer is always negative that way.

Question # 14 of 15 (Start time: 10:03:38 PM) Total Marks: 1
Investment expenditures are expenditures made by the _____ sector:
Select correct option:

Foreign.
Business.
Household.
Government.

Question # 15 of 15 (Start time: 10:04:52 PM) Total Marks: 1
GDP measures:
Select correct option:

Expenditure on all final goods and services.

Total income of everyone in the economy.
Total value-added by all firms in the economy.
All of the given options

Question # 1 of 15 (Start time: 10:06:04 PM) Total Marks: 1

The labour force is made up of:
Select correct option:

The number of people employed minus the number of people unemployed.
The number of people employed plus the number of people unemployed.
Just the number of people employed.
The whole population.

Question # 2 of 15 (Start time: 10:07:01 PM) Total Marks: 1

Any shift in AD curve will cause only change in the price level but output will not change.
Select correct option:

True
False

Question # 3 of 15 (Start time: 10:08:21 PM) Total Marks: 1

Goods X and Y are complements while goods X and Z are substitutes. If the supply of good X increases:
Select correct option:

The demand for both Y and Z will increase.
The demand for Y will increase while the demand for Z will decrease.
The demand for Y will decrease while the demand for Z will increase.
The demand for both Y and Z will decrease

Question # 4 of 15 (Start time: 10:08:58 PM) Total Marks: 1

If a firm operates in a perfectly competitive market, then it will most likely:
Select correct option:

Advertise its product on television.
Have difficult time obtaining information about the market price.
Settle for whatever price is offered.
Have an easy time keeping other firms out of the market.

Question # 5 of 15 (Start time: 10:09:36 PM) Total Marks: 1

Which of the following is TRUE about L-shaped isoquant?

Select correct option:

It is impossible.

It indicates that the firm could switch from one output to another costlessly.

It indicates that the firm could not switch from one output to another.

It indicates that capital and labor cannot be substituted for each other in production.

Question # 6 of 15 (Start time: 10:10:50 PM) Total Marks: 1

Which of the following is true about the point on a nation's production-possibilities curve?

Select correct option:

It shows an undesirable combination of goods and services.

It shows the combinations of production that are unattainable, given current technology and resources.

It shows the level of production that will cause both unemployment and inflation.

It shows that resources are fully employed in producing a particular combination of goods and services

Question # 7 of 15 (Start time: 10:11:31 PM) Total Marks: 1

The market structure in which there is interdependence among firms is:

Select correct option:

Monopolistic competition.

Oligopoly.

Perfect competition.

Monopoly.

Question # 8 of 15 (Start time: 10:11:56 PM) Total Marks: 1

The law of increasing opportunity costs states that:

Select correct option:

The more one is willing to pay for resources, the larger will be the possible level of production.

Increasing the production of a particular good will cause the price of the good to rise.

In order to produce additional units of a particular good, it is necessary for society to sacrifice increasingly larger amounts of alternative goods.

Only by keeping production constant can rising prices be avoided.

Question # 9 of 15 (Start time: 10:13:21 PM) Total Marks: 1

The investment demand curve shows the relationship between the levels of:
Select correct option:

- Investment and consumption.
- Consumption and interest rate.
- Investment and interest rate.**
- Investment and saving.

Question # 10 of 15 (Start time: 10:14:10 PM) Total Marks: 1

We know that the demand for a good or service is inelastic if:
Select correct option:

- When price rises, quantity demanded rises.
- When price rises, quantity demanded falls.
- When price rises, total revenue rises.**
- When price rises, total revenue falls

Question # 11 of 15 (Start time: 10:14:46 PM) Total Marks: 1

A graph showing all the combinations of capital and labour available for a given total cost is the:
Select correct option:

- Budget constraint.
- Expenditure set.
- isoquant.
- isocost line.**

Question # 12 of 15 (Start time: 10:15:33 PM) Total Marks: 1

If a decrease in price increases total revenue:
Select correct option:

- Demand is elastic.**
- Demand is inelastic.
- Supply is elastic.
- Supply is inelastic.

Question # 13 of 15 (Start time: 10:16:09 PM) Total Marks: 1

An individual whose attitude towards risk is known as:
Select correct option:

Risk averse.

Risk loving.

Risk neutral.

None of the given is necessarily correct

Question # 14 of 15 (Start time: 10:17:23 PM) Total Marks: 1

The kinked demand curve model is based on the assumption that each firm:

Select correct option:

Considers its rival's output to be fixed

Considers its rival's price to be fixed

Believes rivals will match all price changes

None of the given options

Question # 15 of 15 (Start time: 10:18:39 PM) Total Marks: 1

Which of the following statements describes the presence of diminishing returns.

Select correct option:

The marginal product of a factor is positive and rising.

The marginal product of a factor is positive but falling.

The marginal product of a factor is falling and negative.

The marginal product of a factor is constant

Question # 1 of 15 (Start time: 10:20:46 PM) Total Marks: 1

To hire the next worker the firm pays \$50. Fifty dollars is the:

Select correct option:

Marginal input cost

Marginal cost

Marginal revenue product

Marginal revenue

Question # 2 of 15 (Start time: 10:21:55 PM) Total Marks: 1

The saving function is:

Select correct option:

The level of planned saving for every change in disposable income.

The level of planned saving at different levels of disposable income.

The ratio of total saving to total disposable income.

The ratio of a change in planned saving to a change in disposable income.

Question # 3 of 15 (Start time: 10:23:00 PM) Total Marks: 1

Oligopoly differs from monopolistic competition in that an oligopoly includes:
Select correct option:

Product differentiation.

No barriers to entry.

Barriers to entry.

Downward sloping demand curves facing the firm.

Question # 4 of 15 (Start time: 10:23:33 PM) Total Marks: 1

If the quantity supplied of mangoes exceeds the quantity demanded of mangoes:
Select correct option:

There is a shortage of mangoes.

Market forces will cause the price to fall.

Market forces will cause the price to rise.

The market is in equilibrium.

Question # 5 of 15 (Start time: 10:24:09 PM) Total Marks: 1

Insurance companies operate under the principle of:
Select correct option:

Law of large numbers.

Law of small numbers.

Law of zero numbers.

All of the given options.

Question # 6 of 15 (Start time: 10:24:27 PM) Total Marks: 1

The demand curve facing a perfectly competitive firm is:
Select correct option:

The same as its average revenue curve but not the same as its marginal revenue curve.

The same as its average revenue curve and its marginal revenue curve.

The same as its marginal revenue curve but not its average revenue curve.

Not the same as either its marginal revenue curve or its average revenue curve.

Question # 7 of 15 (Start time: 10:25:35 PM) Total Marks: 1

The percentage change in quantity demanded of a given good, with respect to the percentage change in the price of “another” good is called:

Select correct option:

Price elasticity of demand.

Income elasticity of demand.

Cross price elasticity of demand.

Supply price elasticity.

Question # 8 of 15 (Start time: 10:26:01 PM) Total Marks: 1

Which one of the following is true with a pure monopoly?

Select correct option:

The monopoly's demand curve and the market demand curve are one and the same.

The market is dominated by just two firms.

The monopolist will always charge the highest possible price.

The monopolist will always charge a high price because it wants to maximize profits.

Question # 9 of 15 (Start time: 10:26:51 PM) Total Marks: 1

Which of the following is NOT regarded as a source of inefficiency in monopolistic competition?

Select correct option:

Product diversity.

Excess capacity.

The fact that price exceeds marginal cost.

The fact that long-run average cost is not minimized.

Question # 10 of 15 (Start time: 10:27:25 PM) Total Marks: 1

If the investment demand curve is vertical then:

Select correct option:

Both monetary and fiscal policy are ineffective.

Both monetary and fiscal policy are effective.

Monetary policy is effective but fiscal policy is ineffective.

Monetary policy is ineffective but fiscal policy is effective.

Question # 12 of 15 (Start time: 10:29:31 PM) Total Marks: 1

A firm never operates:

Select correct option:

At the minimum of its average total cost curve.

At the minimum of its average variable cost curve.

On the downward-sloping portion of its average total cost curve.

On the downward-sloping portion of its average variable cost curve.

Question # 13 of 15 (Start time: 10:30:21 PM) Total Marks: 1

A new technology which reduces costs for firms:

Select correct option:

Shifts the supply curve to the right.

Shifts the supply curve to the left.

Reduces the equilibrium quantity.

Raises the equilibrium price.

Question # 14 of 15 (Start time: 10:30:44 PM) Total Marks: 1

When an industry's raw material costs decrease, other things remaining the same:

Select correct option:

The supply curve shifts to the right.

The supply curve shifts to the left.

Output increases regardless of the market price and the supply curve shifts upward.

Output decreases and the market price also decrease.

Question # 15 of 15 (Start time: 10:31:11 PM) Total Marks: 1

In which market structure do firms exist in very large numbers, each firm produces an identical product and there is freedom of entry and exit?

Select correct option:

Monopoly

Oligopoly

Perfect competition

Monopolistic competition