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.

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

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

A Demand Curve is price inelastic when:
Select correct option:
Changes in demand are proportionately smaller than those in price.
Changes in demand are proportionately greater than those in price.
Changes in demand are equal than those in price.
None of the given options

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.

It is expected that the sign of cross price elasticity of demand between two complementary goods would be:
Select correct option:
Positive.
Negative.
Zero.
Ambiguous.

A nation's production possibilities curve is "bowed out" from the origin because:
Select correct option:
Resources are not perfectly shift able 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.

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.

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

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.

Our economy is characterized by:
Select correct option:
Unlimited wants and needs.
Unlimited material resources.
No energy resources.
Abundant productive labor.

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

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.

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

law of diminishing marginal utility states:
Select correct option:
The supply curve slopes upward.
Your utility grows at a slower and slower rate as you consume more and more units of a good.
The elasticity of demand is infinite.
None of the given options.

Question # 1 of 15 (Start time: 09:41:00 PM) Total Marks: 1
Which of the following is true about the market mechanism?
Select correct option:
It is not a very efficient means of communicating consumer demand to the producers of goods and services.
It works through central planning by government.
It eliminates market failures created by government.
It works because prices serve as a means of communication between consumers and producers.

Question # 2 of 15 (Start time: 09:42:19 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: 09:43:27 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 # 5 of 15 (Start time: 09:45:17 PM) Total Marks: 1
Marginal utility is best described as:
Select correct option:
The additional satisfaction gained by consumption of the last good.
The per unit satisfaction of the good consumed.
The total satisfaction gained from the total consumption of the good.
The change in satisfaction from consuming one additional unit of the good.

Question # 6 of 15 (Start time: 09:46:17 PM) Total Marks: 1
The principle economic difference between a competitive and a non-competitive market is:
Select correct option:
The number of firms in the market.
The extent to which any firm can influence the price of the product.
The size of the firms in the market.
The annual sales made by the largest firms in the market

Question # 7 of 15 (Start time: 09:47:45 PM) Total Marks: 1
Which of the following does NOT refer to macroeconomics?
Select correct option:
The study of the aggregate level of economic activity.
The study of the economic behavior of individual decision-making units such as consumers, resource owners, and business firms.
The study of the cause of unemployment.
The study of the cause of inflation.

Question # 8 of 15 (Start time: 09:48:27 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 # 9 of 15 (Start time: 09:49:03 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 # 10 of 15 (Start time: 09:50:32 PM) Total Marks: 1
A Demand Curve is price inelastic when:
Select correct option:
Changes in demand are proportionately smaller than those in price.
Changes in demand are proportionately greater than those in price.
Changes in demand are equal than those in price.
None of the given options

Question # 11 of 15 (Start time: 09:50:58 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 # 12 of 15 (Start time: 09:52:11 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 # 13 of 15 (Start time: 09:53:32 PM) Total Marks: 1
A rational person does not act unless:
Select correct option:
The action is ethical.
The action produces marginal costs that exceeds marginal benefits.
The action produces marginal benefits that exceeds marginal costs.
The action makes money for the person.

Question # 14 of 15 (Start time: 09:54:58 PM) Total Marks: 1
The effect of a change in income on the quantity of the good consumed is called the:
Select correct option:
Income effect.
Budget effect.
Substitution effect.
Real income effect

Question # 15 of 15 (Start time: 09:55:32 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 # 1 of 15 (Start time: 09:56:31 PM) Total Marks: 1
Price elastic ties 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 # 2 of 15 (Start time: 09:57:54 PM) 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 # 3 of 15 (Start time: 09:59:18 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 # 4 of 15 (Start time: 10:00:07 PM) Total Marks: 1
A nation's production possibilities curve is "bowed out" from the origin because:
Select correct option:
Resources are not perfectly shift able 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 # 6 of 15 (Start time: 10:01:37 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 # 7 of 15 (Start time: 10:02:27 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 # 8 of 15 (Start time: 10:03:33 PM) Total Marks: 1
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

Question # 10 of 15 (Start time: 10:04:59 PM) Total Marks: 1
The numerical measurement of a consumer's preference is called:
Select correct option:
Satisfaction .
Use.
Pleasure.
Utility.

Question # 11 of 15 (Start time: 10:05:40 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 # 12 of 15 (Start time: 10:06:31 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 # 13 of 15 (Start time: 10:07:37 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 # 14 of 15 (Start time: 10:08:23 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 # 15 of 15 (Start time: 10:09:13 PM) Total Marks: 1
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.

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

Question # 4 of 15 (Start time: 10:14:28 PM) Total Marks: 1
Consider two commodities X and Y. If the cross-elasticity of demand is positive, it means the goods are:
Select correct option:
Independent.
Complements.
Substitutes.
Inferior.

Question # 5 of 15 (Start time: 10:15:42 PM) Total Marks: 1
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: 10:16:28 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 # 8 of 15 (Start time: 10:19:24 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 # 9 of 15 (Start time: 10:20:19 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 # 10 of 15 (Start time: 10:21:07 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 # 12 of 15 (Start time: 10:23:43 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 # 13 of 15 (Start time: 10:24:49 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 # 14 of 15 (Start time: 10:26:09 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 # 15 of 15 (Start time: 10:27:14 PM) 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 # 12 of 15 (Start time: 10:40:18 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 # 13 of 15 (Start time: 10:41:45 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 # 15 of 15 (Start time: 10:44:19 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 # 2 of 15 (Start time: 10:48:49 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 # 3 of 15 (Start time: 10:50:18 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.

uestion # 4 of 15 (Start time: 10:51:28 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 # 5 of 15 (Start time: 10:52:55 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 # 8 of 15 (Start time: 10:56:00 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 # 9 of 15 (Start time: 10:57:25 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: 10:58:55 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 # 11 of 15 (Start time: 11:00:07 PM) Total Marks: 1
A rational person does not act unless:
Select correct option:
The action is ethical.
The action produces marginal costs that exceeds marginal benefits.
The action produces marginal benefits that exceeds marginal costs.
The action makes money for the person.

Question # 12 of 15 (Start time: 11:00:49 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.

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.

there is a price ceiling, there will be:
Select correct option:
Shortages.
Surpluses.
Equilibrium.
None of the given options

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

Price floor results in:
Select correct option:
Equilibrium.
Excess demand.
Excess supply.
All of the given options

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.

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.

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 Schedule

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

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

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.

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".

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.

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.

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.

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.

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

If the price elasticity of demand for beans is estimated to be -0.4, then a 20% increase in price will decrease the quantity demanded by:
Select correct option:
14%.
8%.
16%.
20%.

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.

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.