Quiz: Economics for Engineers [Even Semester Jan-July 2019]

Department of Humanities and Social Sciences
The LNM Institute of Information Technology (*Deemed-To-Be-University*)

Maximum Marks: 10
Date: 16th February, 2019 **Time: 20 Minutes**

Name: ________________________________ Roll No.: ________________

General Instructions: Please read them carefully

1. There is *only one* correct answer to the multiple-choice questions. *All multiple-choice questions carry 0.5 mark each.*
2. Mention *only* 'True' or 'False' for question no. 8. Any other symbols or alphabets (such as 'T' or 'F') will *not* be accepted as an answer. *All True-False type questions carry 1 mark each.*
3. There is *no* negative marking.

==

Q. 1. Harmanpreet Kaur of the India's women cricket team has decided to spent one-third of her income on sports shoes. Based on this information answer the following question:

a. What is the value of income elasticity of her demand for sports shoes?

i. 0
ii. ∞
iii. 1
iv. Greater than 0 but less than 1

Answer: ______________

b. What is the price elasticity of her demand for sports shoes?

i. ∞
ii. 1
iii. Greater than 0 but less than 1
iv. 0

Answer: ______________

c. If Harman's taste changes and she decides to only spend one-fourth of her income on sports shoes, how does the demand curve change?

i. shift leftward (downward)
ii. upward movement along the demand curve
iii. shift rightward (upward)
iv. downward movement along the demand curve

Answer: ______________

d. What is the income and price elasticity of her demand for the sports shoes *now* (i.e., with one-fourth of income spent on sports shoes), respectively?

i. ∞ and 0
ii. 0 and ∞
iii. 0 and 0
iv. None of the above

Answer: _______________

Q. 2. If manufacturers of steel are producing more steel than what the consumers demand. Which of the following would be true?

i. there is a surplus in the market and price will rise
ii. there is a shortage in the market and price will fall
iii. there is a surplus in the market and price will fall
iv. there is a shortage in the market and price will rise

Answer: _______________

Q.3. What is the function of the government in a command economy?

i. They determine the type and quantity of goods to be produced through Five Year Plans
ii. They allow the laws of supply and demand to control the economy
iii. Trade policies mandated that imports exceed exports
iv. The success of the agricultural sector controls the manufacturer's goods

Answer: _______________

Q. 4. The problem of allocation of resources is concerned with:

i. What to produce
ii. How to produce
iii. For whom to produce
iv. All of the above

Answer: _______________

Q. 5. Which of the following explains a mixed economy?

i. Allocates resources via supply but not demand
ii. Allocates resources via demand but not supply
iii. Allocates resources via supply and demand
iv. Allocates resources via market forces and government intervention

Answer: _______________

Q. 6. The demand for good *X* and *Y* are perfect complements? Which of the following would be true?

i. If price of good *X* increases, demand for good *Y* increases
ii. If price of good *Y* decreases, demand for good *Y* increases
iii. If price of good *X* increases, demand for good *Y* decreases
iv. If price of good *X* decreases, a decrease in demand for both good *X* and *Y*

Answer: _______________

Q. 7. A decrease in the real income of a consumer makes her to demand more of that good while an increase in real income of the consumer makes her to demand less of that good. What good is being referred here?

i. Inferior Goods
ii. Normal Goods
iii. Giffen Goods
iv. Substitute Goods

Answer: __________________

Q. 8. Answer the following with 'True' or 'False':

a. When weather turns warm in Kashmir every summer, then the equilibrium price of hotel rooms in Kerala drops. Answer: _________________________ **[True]**

b. If there is a technological advancement in a product that is being supplied in the market; then its equilibrium price would rise. Answer: ________________________ **[False]**

c. Consider the markets for TV screens, Tickets at Multiplexes and DVDs. For each of the pair of goods, answer the following questions

   i. TV screens and DVDs are example of substitute goods. Answer: ____________ **[False]**
   ii. DVDs and Tickets at Multiplexes are example of complementary goods.
   iii. Answer: _____________ **[False]**

d. The production possibility curve is convex to the origin because some resources are more specialized than others. Answer: ______________ **[False]**

Signature: ______________________   Date: _________________________

===