

Economics Past Paper 2022, 21.20

Short Questions

1) Economics

The branch of knowledge concerned with production, consumption and transfer of wealth is called economics.

2) Business Strategy

The Strategy that helps leaders to set organizational goals and gives companies a competitive edge.

3) Business activity

Business activity is any activity related to the purpose of making a profit.

4) Global trading environment

Global trading environment means exchange of goods and services between different countries by terms and conditions.

5) Macroeconomics

The branch of economics that studies the behaviour and performance of an economy as a whole.

6) Imperfectly competitive markets

In Imperfect competition, companies sell different product and services, set their own individual prices, fight for market share and often protected by barriers to entry and exit.

7) Business environment

Business environment is the sum or collection of all internal and external factors such as employees, customer needs etc.

8) Supply decision

In economics, supply is the number of products that a producer or seller is willing and capable to provide to buyers.

Law of supply states that as price increases, as producer want to maximize profit.

9) Normal goods

A goods that experiences an increase in demand due to increase in consumer's income.
i.e. food, cloth, house etc.

10) monopoly

A market structure characterized by a single seller, selling a unique product in market.
i.e. microsoft and windows.

11) MNC's

The companies or corporation whose business is more than one country and earn at least 25% profit from host country.

i.e. McDonalds.

12) Product Differentiation Strategy

In this strategy

companies introduce new or unique product.

i.e. Tesla differentiates their cars from other because their cars are innovative and battery operated.

13) Quantity demand

The total amount of good or service that consumers demand over a given period of time.

It depends on price of good or service in a marketplace.

14) Quantity supply

The number of goods or services that suppliers will produce and sell at given market price.

15) Market Equilibrium

Market equilibrium is the state where supply in the market is equal to demand in the market.

Market Equilibrium

$$\text{supply} = \text{Demand}$$

16) Perfect Competition

perfect competition occurs when all companies sell identical products, market share does not influence price and companies are able to enter or exit without barriers.

i-e-g Gold is example of Perfect competition.

17) Inferior goods

Inferior goods refers to those goods whose demand decreases with an increase in income.

i-e-g - Jaggery (✓)

18) Price taker

A market participant that is not able to dictate the price in market. i.e.: miner oil or gas Comp.

19) Price maker

A company that can dictate the price it charges for its goods because there are no perfect substitute. i.e.: monopoly

20) Market economy

market economy is a system where two forces, known as supply and demand, direct the production of goods and services.

21) Economy

Economy is the way where people spend money and make money.

i.e.: producing good, supplying or buying.

22) Cost Leadership Strategy

The strategy that is used to boost up productivity at low average cost is called Cost Leadership Strategy.
i.e.: Walmart, McDonalds etc.

23) Business ethics

The standards for morally right and wrong conduct in business is called business ethics.

24) SME

SME stands for small and medium size enterprises. It is defined as a company that employs under 250 employees i.e.:- Hair and beauty salons.

25) Law of Demand

Law of demand states that when the price of product increase, the quantity demanded will decrease and vice versa.

26) Law of Supply

Law of supply states that increase in price of goods or services results in an increase in their supply.

27) Sunk cost

An investment already incurred that can not be recovered is called sunk cost.

i.e.:- marketing, research.

28) Subsidy

A ~~gr~~ sum of money granted by state or public to industry to keep the price of commodity low is called subsidy.

29) Production

The process of making or manufacturing goods and products from raw materials or components.

30) Social cost

The costs incurred by society as whole is called social cost.

31) Industry

A group of productive enterprises or organizations that produce or supply goods, services or source of income.

i.e. Mining Industry, farming Industry

32) Cross elasticity of demand

Cross elasticity of demand is given as

$$XED = \frac{\% \Delta Q \text{ of good A}}{\% \Delta P \text{ of good B}}$$

is called cross elasticity of demand.

33) Market

A area where commercial dealings are conducted is called market.

i-e stock exchange market.

34) Externalities

The benefit or harms of an activity caused by firm or individual for which they not paid is called externalities.

35) GDP vs GNP

GDP stands for gross domestic product. The GDP represents the total value of final goods and services produced during a year.

GNP stands for gross national product. GNP includes GDP, income earned from overseas investment by residents.

36) Demand forecasting

Demand forecasting is the process of predicting the quantity of goods and services that will be demanded by consumers at future point in time.

37) Household consumption

Household

consumption consists of expenditure incurred by resident household on goods and services that are used for satisfaction of needs or wants.