

Week 11 MCQs

1. What is the primary focus of Module 11?
 - A. Consumer choice
 - B. Asymmetric information
 - C. Valuation of natural resources
 - D. Practical issues in economics and conservation (Correct)**

2. How many lectures are included in Module 11?
 - A. One
 - B. Two
 - C. Three (Correct)**
 - D. Four

3. What is the eco-mark used to certify?
 - A. Organic products
 - B. FSC certified forests
 - C. Sustainable products (Correct)**
 - D. BS6 compliant vehicles

4. What does the 'India Organic' mark indicate?
 - A. Sustainable manufacturing
 - B. FSC certified materials
 - C. Organic agriculture (Correct)**
 - D. BS6 vehicle standards

5. What is a concern regarding pesticides?
 - A. They are unsustainable
 - B. They harm biodiversity
 - C. They are bioaccumulative toxins (Correct)**
 - D. They increase production costs

6. What does the FSC mark certify?
 - A. Organic products
 - B. Products from sustainably managed forests (Correct)**
 - C. Rainforest Alliance certified products
 - D. ISO 14000 environmental management

7. What does the 'FSC Mixed' label indicate?

- A. 100% FSC certified materials
- B. Recycled materials only
- C. Materials from FSC certified forests, recycled materials, or other controlled sources (Correct)**
- D. Pre-consumer materials only

8. What does the 'FSC Recycled' label signify?

- A. 100% FSC certified materials
- B. Materials from FSC certified forests
- C. Post-consumer material and possibly pre-consumer material (Correct)**
- D. Only pre-consumer materials

9. Which organization issues the FSC certification?

- A. Rainforest Alliance
- B. ISO 14000
- C. Forest Stewardship Council (Correct)**
- D. India Organic

10. What does the Rainforest Alliance label signify?

- A. Sustainable forestry
- B. Environmental management
- C. Protection of rainforest biodiversity (Correct)**
- D. Organic agriculture

11. What does the ISO 14000 label represent?

- A. Sustainable forestry
- B. Organic agriculture
- C. Environmental management (Correct)**
- D. Rainforest Alliance certification

12. Which company is mentioned as using 100% renewable energy in its offices, retail locations, and data centers?

- A. Maruti Suzuki
- B. Tetra Pak
- C. Apple (Correct)**
- D. Tata

13. What does Tetra Pak highlight regarding its paperboard?

- A. It's 100% recycled
- B. It's from FSC certified forests and other controlled sources (Correct)**

- C. It's organic
- D. It's BS6 compliant

14. What does BS6 stand for?

- A. Bharat Standard 6 (Correct)**
- B. Bio Standard 6
- C. Forest Stewardship Council
- D. India Organic Standard

15. What is the main question raised regarding environmental standards and company claims?

- A. Are standards sufficient? (Correct)**
- B. Are companies truthful?
- C. Is consumer choice effective?
- D. Are prices accurate?

16. What is a potential drawback of environmentally friendly practices?

- A. Reduced consumer demand
- B. Increased production costs (Correct)**
- C. Negative publicity
- D. Lower quality products

17. What is mentioned as a cheaper alternative to sustainably managed forests?

- A. Recycled materials
- B. Unsustainably managed forests (Correct)**
- C. Organic farms
- D. Imported timber

18. What is a potential consequence of buying a BS4 car?

- A. Higher running costs
- B. Lower resale value
- C. Increased pollution (Correct)**
- D. Reduced fuel efficiency

19. What is the core dilemma faced by consumers regarding sustainability?

- A. Cost vs. quality
- B. Brand loyalty vs. value
- C. Convenience vs. ethics
- D. Cost vs. sustainability (Correct)**

20. What does sustainability primarily entail?

- A. Short-term resource use
- B. Long-term resource management (Correct)**
- C. Economic growth
- D. Technological advancement

21. What is a budget constraint?

- A. A limit on consumer income
- B. A limit on consumer wants
- C. A limit on consumption bundles a consumer can afford (Correct)**
- D. A limit on production capacity

22. Why is decision-making crucial in economics?

- A. Unlimited wants and limited resources (Correct)**
- B. Competition between producers
- C. Government regulations
- D. Technological progress

23. In the samosa and lassi example, what is the budget constraint?

- A. 20 samosas
- B. 10 glasses of lassi
- C. 100 rupees (Correct)**
- D. 18 samosas and 1 lassi

24. What is an indifference curve?

- A. A curve showing different prices
- B. A curve showing different quantities
- C. A curve showing consumption bundles that provide equal satisfaction (Correct)**
- D. A curve showing production possibilities

25. What does the marginal rate of substitution represent?

- A. The rate at which a consumer is willing to trade one good for another (Correct)**
- B. The change in price of a good
- C. The change in quantity demanded
- D. The rate of technological progress

26. What is the law of diminishing marginal returns?

- A. Decreasing returns on investment
- B. Decreasing marginal product with increasing input (Correct)**

- C. Increasing marginal utility
- D. Increasing opportunity cost

27. Which statement about indifference curves is true?

- A. Higher curves indicate less satisfaction
- B. Indifference curves cross
- C. Indifference curves are upward sloping
- D. Higher curves are preferred to lower ones (Correct)**

28. Why do indifference curves not cross?

- A. It would violate the assumption of more is always better
- B. It would be illogical mathematically
- C. It would imply that less of both goods gives the same satisfaction as more (Correct)**
- D. It would contradict the law of diminishing marginal returns

29. What is a characteristic of indifference curves for perfect substitutes?

- A. Bowed inwards
- B. Right-angled
- C. Straight lines (Correct)**
- D. Circular

30. What is a characteristic of indifference curves for perfect complements?

- A. Straight lines
- B. Right-angled (Correct)**
- C. Bowed outwards
- D. Circular

31. What determines the consumer's optimum?

- A. The lowest indifference curve
- B. The point where marginal cost equals marginal benefit
- C. The highest indifference curve that touches the budget constraint (Correct)**
- D. The point where supply equals demand

32. What is a normal good?

- A. A good whose demand decreases with income
- B. A good whose demand increases with income (Correct)**
- C. A good whose price is always high
- D. A good whose price is always low

33. What is an inferior good?

- A. A good whose demand increases with income
- B. A good whose demand decreases with income (Correct)**
- C. A good with a high price
- D. A good with a low price

34. What is the income effect?

- A. A change in consumption due to a price change
- B. A change in consumption due to a change in income (Correct)**
- C. A change in consumption due to a change in taste
- D. A change in consumption due to advertising

35. What is the substitution effect?

- A. A change in consumption due to a change in income
- B. A change in consumption due to a price change along a given indifference curve (Correct)**
- C. A change in consumption due to a change in technology
- D. A change in consumption due to government regulations

36. What is the law of demand?

- A. Price increase leads to quantity demanded increase
- B. Price decrease leads to quantity demanded increase (Correct)**
- C. Price increase leads to quantity supplied decrease
- D. Price decrease leads to quantity supplied decrease

37. What are Veblen goods?

- A. Goods whose demand increases with price (Correct)**
- B. Goods whose demand decreases with price
- C. Goods with constant demand
- D. Goods with inelastic demand

38. What are Giffen goods?

- A. Luxury goods
- B. Normal goods
- C. Inferior goods whose demand increases with price (Correct)**
- D. Goods with perfectly elastic demand

39. What is a key assumption in consumer choice theory?

- A. Consumers are irrational
- B. Consumers have unlimited resources

C. Consumers maximize utility (Correct)

D. Consumers have complete ignorance of preferences

40. What is behavioral economics?

A. Study of consumer behavior only

B. Study of firm behavior only

C. Study of consumer behavior integrated with psychology (Correct)

D. Study of market mechanisms only

41. What is moral hazard?

A. Dishonest behavior by consumers

B. Dishonest behavior by producers

C. The tendency of an imperfectly monitored person to engage in undesirable behavior (Correct)

D. A market failure due to information asymmetry

42. What is asymmetric information?

A. Equal access to relevant information

B. Unequal access to relevant information (Correct)

C. Complete lack of information

D. Irrelevant information

43. What is adverse selection?

A. The risk of buying low-quality goods due to information asymmetry (Correct)

B. The risk of selling low-quality goods

C. A market failure due to high transaction costs

D. A type of moral hazard

44. What is signalling?

A. Action by uninformed party

B. Action by informed party to reveal private information (Correct)

C. Action to hide information

D. A form of market regulation

45. What is screening?

A. Action by informed party

B. Action by uninformed party to induce information (Correct)

C. Action to hide information

D. A market equilibrium

46. What is a characteristic of a good signal?
- A. Easy to fake
 - B. Cheap to produce
 - C. Costly to prevent rampant usage (Correct)**
 - D. Unrelated to quality
47. What is a key insight from psychology incorporated into behavioral economics?
- A. Consumers always maximize utility
 - B. Consumers have complete information
 - C. Consumers are always rational
 - D. Consumers are not always rational (Correct)**
48. What is 'good enough' decision-making?
- A. Maximizing utility
 - B. Satisficing (Correct)**
 - C. Always choosing the best option
 - D. Ignoring all information
49. What is overconfidence?
- A. Accurate self-assessment
 - B. Underestimating one's abilities
 - C. Overestimating one's abilities (Correct)**
 - D. Lack of self-awareness
50. What is an affect heuristic?
- A. Decision making based on logic
 - B. Decision making based on emotion (Correct)**
 - C. Decision making based on statistical data
 - D. Decision making based on past experience
51. What is an availability heuristic?
- A. Decision based on easily recalled information (Correct)**
 - B. Decision based on irrelevant information
 - C. Decision based on statistical analysis
 - D. Decision based on future predictions
52. What is an effort heuristic?
- A. Valuing things based on effort expended (Correct)**
 - B. Valuing things based on cost

- C. Valuing things based on appearance
- D. Valuing things based on rarity

53. What is escalation of commitment?

- A. Reducing investment in a decision
- B. Justifying further investment due to prior investment (Correct)**
- C. Making rational decisions
- D. Ignoring sunk costs

54. What is a familiarity heuristic?

- A. Preferring the unknown
- B. Preferring familiarity (Correct)**
- C. Avoiding risk
- D. Seeking novelty

55. What is a cognitive bias?

- A. Rational decision-making
- B. Systematic deviation from rationality (Correct)**
- C. Perfect information processing
- D. Unbiased judgment

56. What is confirmation bias?

- A. Ignoring information confirming existing beliefs
- B. Favoring information confirming existing beliefs (Correct)**
- C. Seeking new information
- D. Being open-minded

57. What is the halo effect?

- A. Negative influence on opinion
- B. Positive influence on opinion across areas (Correct)**
- C. Lack of influence
- D. Ignoring all information

58. What is the horn effect?

- A. Positive influence on opinion
- B. Negative influence on opinion across areas (Correct)**
- C. Ignoring all information
- D. Making rational decisions

59. What is fundamental attribution error?

- A. Attributing success to oneself and failure to others
- B. Attributing success and failure to external factors
- C. Attributing success to external factors and failure to oneself
- D. Differentiating situational and innate attributions for self and others (Correct)**

60. What is priming?

- A. Ignoring stimuli
- B. Exposure to one stimulus influencing response to another (Correct)**
- C. Making rational decisions
- D. Being open-minded

61. What is affinity bias?

- A. Bias against people like oneself
- B. Bias towards people unlike oneself
- C. Bias towards people like oneself (Correct)**
- D. Lack of bias

62. What is self-serving bias?

- A. Taking responsibility for failures
- B. Avoiding responsibility for success
- C. Taking more responsibility for success than failure (Correct)**
- D. Being objective in assessment

63. What is the framing effect?

- A. Making objective decisions
- B. Decision based on presentation (Correct)**
- C. Ignoring presentation
- D. Making rational decisions

64. What is hindsight bias?

- A. Overestimating past predictability (Correct)**
- B. Underestimating past predictability
- C. Accurate prediction
- D. Ignoring past events

65. What is gambler's fallacy?

- A. Accurate probability assessment
- B. Misjudging probability of future events (Correct)**
- C. Ignoring past events

D. Making rational decisions

66. What is optimism bias?

A. Overestimating negative outcomes

B. Underestimating negative outcomes (Correct)

C. Accurate risk assessment

D. Ignoring risk

67. What is herd mentality?

A. Independent decision-making

B. Following the crowd (Correct)

C. Making rational decisions

D. Avoiding risk

68. What are biotic resources?

A. Resources from non-living matter

B. Resources from living matter (Correct)

C. Man-made resources

D. Fossil fuels

69. What are abiotic resources?

A. Resources from living matter

B. Resources from non-living matter (Correct)

C. Man-made resources

D. Renewable resources

70. What are potential resources?

A. Currently used resources

B. Resources that may be used in the future (Correct)

C. Resources that are exhausted

D. Resources that are non-renewable

71. What are actual resources?

A. Resources that may be used in the future

B. Currently used resources (Correct)

C. Resources that are exhausted

D. Resources that are non-renewable

72. What are reserve resources?

A. Part of actual resources that can be profitably developed in the future (Correct)

B. Resources that cannot be used

C. Resources that are currently being used

D. Resources that are already exhausted

73. What are stock resources?

A. Resources that have been surveyed but cannot be used profitably

B. Resources that are already exhausted

C. Resources that are currently being used

D. Resources that have been surveyed, but lack the technology for use (Correct)

74. Placeholder: Generation failed/incomplete for Week 11 - Q74

A. Failed A (Correct)

B. Failed B

C. Failed C

D. Failed D

75. Placeholder: Generation failed/incomplete for Week 11 - Q75

A. Failed A (Correct)

B. Failed B

C. Failed C

D. Failed D

76. Placeholder: Generation failed/incomplete for Week 11 - Q76

A. Failed A (Correct)

B. Failed B

C. Failed C

D. Failed D

77. Placeholder: Generation failed/incomplete for Week 11 - Q77

A. Failed A (Correct)

B. Failed B

C. Failed C

D. Failed D

78. Placeholder: Generation failed/incomplete for Week 11 - Q78

A. Failed A (Correct)

B. Failed B

C. Failed C

D. Failed D

79. Placeholder: Generation failed/incomplete for Week 11 - Q79

A. Failed A (Correct)

B. Failed B

C. Failed C

D. Failed D

80. Placeholder: Generation failed/incomplete for Week 11 - Q80

A. Failed A (Correct)

B. Failed B

C. Failed C

D. Failed D

81. Placeholder: Generation failed/incomplete for Week 11 - Q81

A. Failed A (Correct)

B. Failed B

C. Failed C

D. Failed D

82. Placeholder: Generation failed/incomplete for Week 11 - Q82

A. Failed A (Correct)

B. Failed B

C. Failed C

D. Failed D

83. Placeholder: Generation failed/incomplete for Week 11 - Q83

A. Failed A (Correct)

B. Failed B

C. Failed C

D. Failed D

84. Placeholder: Generation failed/incomplete for Week 11 - Q84

A. Failed A (Correct)

B. Failed B

C. Failed C

D. Failed D

85. Placeholder: Generation failed/incomplete for Week 11 - Q85

A. Failed A (Correct)

- B. Failed B
- C. Failed C
- D. Failed D

86. Placeholder: Generation failed/incomplete for Week 11 - Q86

A. Failed A (Correct)

- B. Failed B
- C. Failed C
- D. Failed D

87. Placeholder: Generation failed/incomplete for Week 11 - Q87

A. Failed A (Correct)

- B. Failed B
- C. Failed C
- D. Failed D

88. Placeholder: Generation failed/incomplete for Week 11 - Q88

A. Failed A (Correct)

- B. Failed B
- C. Failed C
- D. Failed D

89. Placeholder: Generation failed/incomplete for Week 11 - Q89

A. Failed A (Correct)

- B. Failed B
- C. Failed C
- D. Failed D

90. Placeholder: Generation failed/incomplete for Week 11 - Q90

A. Failed A (Correct)

- B. Failed B
- C. Failed C
- D. Failed D

91. Placeholder: Generation failed/incomplete for Week 11 - Q91

A. Failed A (Correct)

- B. Failed B
- C. Failed C
- D. Failed D

92. Placeholder: Generation failed/incomplete for Week 11 - Q92

A. Failed A (Correct)

B. Failed B

C. Failed C

D. Failed D

93. Placeholder: Generation failed/incomplete for Week 11 - Q93

A. Failed A (Correct)

B. Failed B

C. Failed C

D. Failed D

94. Placeholder: Generation failed/incomplete for Week 11 - Q94

A. Failed A (Correct)

B. Failed B

C. Failed C

D. Failed D

95. Placeholder: Generation failed/incomplete for Week 11 - Q95

A. Failed A (Correct)

B. Failed B

C. Failed C

D. Failed D

96. Placeholder: Generation failed/incomplete for Week 11 - Q96

A. Failed A (Correct)

B. Failed B

C. Failed C

D. Failed D

97. Placeholder: Generation failed/incomplete for Week 11 - Q97

A. Failed A (Correct)

B. Failed B

C. Failed C

D. Failed D

98. Placeholder: Generation failed/incomplete for Week 11 - Q98

A. Failed A (Correct)

- B. Failed B
- C. Failed C
- D. Failed D

99. Placeholder: Generation failed/incomplete for Week 11 - Q99

- A. Failed A (Correct)**
- B. Failed B
- C. Failed C
- D. Failed D

100. Placeholder: Generation failed/incomplete for Week 11 - Q100

- A. Failed A (Correct)**
- B. Failed B
- C. Failed C
- D. Failed D