

Roll No- _____

MID SEMESTER EXAMINATION 2021

BBA- 109

ECONOMICS FOR LIFE (GE)

Time: ^{1.30} 1.30 Hours

MM: 50 Marks

Instructions:

All questions are compulsory.

Each question carries 1 mark.

1. The condition in which market supply matches market demand is called _____.
 - A. Equalisation
 - B. Normalization
 - C. Equilibrium
 - D. None of these
2. One of the essential conditions of "perfect competition" is _____.
 - A. Product differentiation
 - B. Multiplicity of prices for identical products at one time
 - C. Many sellers and few buyers
 - D. Same price for same things at one time
3. What do you mean by the supply of goods?
 - A. Stock available for sale
 - B. Total stock in the warehouse
 - C. The actual production of the goods
 - D. Quantity of the goods offered for sale at a particular price per unit of time
4. Which of the following is the relation that the law of demand defines?
 - A. Income and price of a commodity
 - B. Price and quantity of a commodity
 - C. Income and quantity demanded
 - D. Quantity demanded and quantity supplied
5. What do you mean by a mixed economy?
 - A. Modern and traditional industries
 - B. Public and private sectors
 - C. Foreign and domestic investments
 - D. Commercial and subsistence farming
6. What do you mean by the demand of a commodity?
 - A. Desire for the commodity
 - B. Need for the commodity
 - C. Quantity demanded of that commodity

- D. Quantity that consumers are able and willing to buy at various prices during any particular period of time
7. When price floor is set above equilibrium price it will result in?
- A. Shortage
 - B. Surpluses
 - C. Equilibrium
 - D. None of the above
8. What is Gross Domestic Product?
- A. The total value of goods and services manufactured in the country
 - B. The total value of all the transactions in the country
 - C. The reduction in the total value of goods and services produced in the country
 - D. The monetary value of all finished goods and services made within a country during a specific period.
9. What is the main economic problem faced by the society?
- A. Unemployment
 - B. Inequality
 - C. Poverty
 - D. Scarcity
10. What does "Capitalism" refer to?
- A. The use of market
 - B. Government ownership of capital
 - C. Private ownership of capital goods
 - D. Private ownership of homes & cars
11. The goal of a pure market economy is to meet the desire of _____.
- A. Consumers
 - B. Companies
 - C. Workers
 - D. The government
12. What does the law of demand mean?
- A. As the quantity demanded rises, the price rises.
 - B. As the price rises, the quantity demanded rises.
 - C. As the price rises, the quantity demanded falls.
 - D. As the supply rises, the demand rises.
13. Which of the following is an example of an agricultural price support program?
- A. A price ceiling
 - B. A price flooring
 - C. Equilibrium pricing
 - D. None of the above
14. Which of the following correctly describes the nature of India's economy?
- A. Capitalist Economy
 - B. Socialist economy
 - C. Mixed economy
 - D. None of the above

15. A good for which demand decreases with increase in income of consumer is called _____.
A. Public goods
B. Complimentary goods
C. Inferior goods
D. Giffen goods
16. Which of the following is the basic characteristics of "Oligopoly"?
A. Many sellers and many buyers
B. Few sellers and few buyers
C. Many sellers and few buyers
D. Few sellers and many buyers
17. The law of demand implies that the demand curve _____.
A. Slopes upward
B. First slope upwards and then downwards
C. Slopes downward
D. None of these
18. The statement "supply creates its own demand" is given by _____.
A. J.B Say
B. James Madison
C. David Ricardo
D. Thomas Jefferson
19. The production possibilities frontier _____.
A. refers to the technology used in such goods as computers and military aircraft.
B. marks the boundary between attainable combinations of goods and services and unattainable combinations.
C. once applied to U.S. technology but now refers to Japanese technology.
D. is also called the supply curve
20. The production possibilities frontier is the boundary between those combinations of goods and services that can be _____.
A. produced and those that can be consumed.
B. consumed domestically and those that can be consumed by foreigners.
C. consumed and those that cannot be produced.
D. produced and those that cannot be produced.
21. When price of goods are below equilibrium level, there will be _____.
A. Surplus goods in the market
B. Shortage of goods in market
C. Supply curve will shift
D. Demand curve will shift
22. The following are the causes of shift in demand except _____.
A. Change in income
B. Change in price
C. Change in fashion
D. Change in price of substitutes

23. Contraction of demand is the result of _____.
- A. Decrease in no of consumers
 - B. Increase in price of commodity concerned
 - C. Increase in price of other goods
 - D. Decrease in income of purchasers
24. Price of a product is determined in a free market by _____.
- A. Demand for the product
 - B. Supply of the product
 - C. Both demand and supply
 - D. Government
25. Which price is declared by the government every year before sowing season to provide incentives to the farmers for raising the production of their crops?
- A. Minimum support price
 - B. Maximum support price
 - C. Maximum stock price
 - D. Minimum stock price
26. A free good means _____.
- A. The opportunity cost is zero
 - B. The opportunity cost is minimum
 - C. The opportunity cost is negative
 - D. The good having the highest price of all the substitutes
27. Which of the following factors affects an individual's demand for a commodity?
- A. Price of the commodity
 - B. Income of the consumer
 - C. Price of related goods
 - D. All of the above
28. Economics is a science which deals with _____.
- A. matters and substance
 - B. chemicals and reactions
 - C. human wants and resources
 - D. numbers and combinations
29. Microeconomics deals with the study of _____ economic entities.
- A. Aggregate
 - B. Individual
 - C. Macro
 - D. Socio
30. _____ is an example of Microeconomic theory.
- A. Theory of Consumption
 - B. Theory of Economic Growth
 - C. Theory of Money
 - D. Theory of Income, Employment and Output
31. According to the text, basic needs include _____.

- A. food, clothing and housing.
 - B. health, education and quality housing.
 - C. adequate nutrition, primary education, health, sanitation, water supply and housing.
 - D. longevity and living standards
32. Which of the following could not be considered a major economic system?
- A. capitalism
 - B. communism
 - C. socialism
 - D. physical quality of life index
33. Economic development refers to _____.
- A. Economic growth
 - B. Economic growth plus changes in output distribution and economic structure
 - C. Improvement in the well-being of the urban population
 - D. Sustainable increases in Gross National Product
34. The essential difference between capitalism and socialism is that _____.
- A. capitalism exploits the worker and socialism exploits the property owner
 - B. capitalism relies on the market to make economic decisions and socialism uses central planning
 - C. capitalism grows through rent seeking and socialism grows through government direction
 - D. capitalism relies on consumer satisfaction to dictate choices and socialism relies on producer satisfaction.
35. Which of the following is not a phase of circular flow of income?
- A. Production phase
 - B. Income phase
 - C. Expenditure phase
 - D. Growth phase
36. Two sectoral economy consists of _____ and _____.
- A. Households and firms
 - B. Demand and supply
 - C. Supply and production
 - D. Production and consumption
37. Circular flow of income has four phases.
- A. True
 - B. False
38. In closed economy, which of the following sectors is not included?
- A. Households
 - B. Local firms
 - C. Local government
 - D. Rest of the world
39. Progress that meets the needs of the present without compromising the ability of future generations to meet their own needs is _____.

- A. the tragedy of commons
 - B. sustainable development
 - C. net primary productivity (NPP)
 - D. the impossibility theorem
40. Which of the following is an assumption made while drawing the demand curve?
- A. The demand curve must be linear
 - B. The price of substitutes should not change
 - C. The quantity demanded should not change
 - D. The price of the commodity should not change
41. In case the price of a product and the total revenue from that product move in the same direction, then the demand is _____.
- A. Perfectly elastic
 - B. Inelastic
 - C. Elastic
 - D. Unrelated
42. In a particular year, the farmers experienced dry weather. If all other factors remain the same, the supply curve of wheat for farmers will shift to the _____ direction.
- A. Downward
 - B. Rightward
 - C. Leftward
 - D. None of the above
43. An increase in the number of restaurants serving fast-food leads to _____.
- A. Growth in the demand of fast-food meals
 - B. Increase in the supply of fast-food meals
 - C. Increase in the price of fast-food meals
 - D. Growth in the demand for substitutes of fast-food meals
44. When the quantity demanded of a goods is equal to the quantity supplied of that goods, then _____.
- A. There is a surplus
 - B. The government is intervening in the market
 - C. There is a shortage
 - D. None of the above
45. Which of the following definitely causes a fall in the equilibrium price?
- A. a decrease in both demand and supply
 - B. an increase in demand combined with a decrease in supply
 - C. a decrease in demand combined with an increase in supply
 - D. an increase in both demand and supply
46. A decrease in the price of a game of bowling shifts the _____.
- A. demand curve for bowling balls rightward
 - B. supply curve of bowling balls leftward
 - C. supply curve of bowling balls rightward
 - D. demand curve for bowling balls leftward

47. Which of the following is a factor income?

- A. Old age pension
- B. Unemployment allowance
- C. Interest received by a household from deposit in a bank
- D. Pocket money

48. Circular flow of income:

- A. gives information about injections and leakages from the flow of income.
- B. enables estimation of national income
- C. provides knowledge of independence among different sectors
- D. all of these

49. Economic growth can be measured by:

- A. The CPI
- B. The CBI
- C. GDP
- D. MPC

50. If the income of a consumer increases or the price of a complementary good falls, then the

- A. The demand curve for the product shifts rightward
- B. The demand curve for the product shifts leftward
- C. The supply curve for the product shifts rightward
- D. The supply curve for the product shifts leftward