



ஸ்ரீ-ல-ஸ்ரீ காசிவாசி சுவாமிநாத சுவாமிகள் கலைக் கல்லூரி

தூய்மனந்தாள் - 612504

**S.K.S.S ARTS COLLEGE, THIRUPPANANDAL - 612504**



## QUESTION BANK

*Title of the Paper*

# BUSINESS ECONOMICS

Course: I B.Com.,  
Sub. Code: 16CACCM1B  
Semester: II

*Prepared by*

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**ALLIED COURSE II**  
**BUSINESS ECONOMICS**

**UNIT – I**

Business Economics – definition - Scope and Nature Art or Science –Concepts – relationship with other disciplines - Micro and Macro Economics relating to business.

**UNIT – II**

Demand Analysis- Demand Schedule - Law of Demand- Demand curves- Elasticity of Demand- Demand forecasting - Indifference curve analysis- Marginal rate of substitution – Consumer's equilibrium.

**UNIT – III**

Production function-Factors of production - Isoquant analysis -scale of production- economies of large scale production and limitations.

**UNIT – IV**

Supply-supply schedule-Law of supply-Supply curve-Elasticity of supply. Market structure- Equilibrium of firm and industry- Optimum firm. Meaning and characteristics of perfect, monopoly, duopoly oligopoly and monopolistic markets. Pricing under Perfect & Monopolistic competition

**UNIT – V**

National Income- concept – Measurement – inequalities of income – Fiscal policy method. Public Finance – Definition – Scope - importance.



## UNIT – I

### CHOOSE THE CORRECT ANSWER

1. Economics is neutral between ends is said by
    - a) Adam smith
    - b) Lionel robbins
    - c) Alfred marshall
    - d) Samuelson
  2. Which branch of economics studies about unemployment, illiteracy, National income tax?
    - a) Micro economics
    - b) Wealth economics
    - c) Macro economics
    - d) Fiscal economics
  3. When we go from particular to general, this method is called as
    - a) Inductive method
    - b) General method
    - c) Deductive method
    - d) Partial method
  4. The subject of economics is
    - a) A natural science
    - b) A social science
    - c) A political science
    - d) A physical science
  5. Micro economics is also known as,
    - a) Price theory
    - b) Process theory
    - c) Production theory
    - d) Projection theory
  6. When price rises, quantity supplied
    - a) Expands
    - b) Falls
    - c) Increases
    - d) In changed
  7. Organizational efficiency does not include
    - a) administrative efficiency
    - b) entrepreneurial efficiency
    - c) Managerial efficiency
    - d) Technical efficiency
  8. A decision is no profitable if
    - a) If increases revenue more than casts
    - b) It decreases some cost more than it increases others
    - c) It increases cost more than revenue
    - d) It increase some revenue more than it decrease others
- 

9. A time series can be calculated through
- leading series
  - coincident series
  - lagging series
  - all the above
10. The business economics theory is concerned with the management technique to achieve.
- maximization of total revenue from sales
  - minimize of cost of production
  - maximize profit from the business unit
  - all the above

**Answers :** 1 (b) 2(c) 3(a) 4(b) 5(a) 6(a) 7(d) 8(c) 9(d) 10(d)

### **SHORT QUESTIONS (2 MARKS)**

- What is business economics?
- Define 'Economics in the words of Marshall.
- What do you mean by micro economics?
- Define the concept of micro economics.
- What are the defects of Adam Smith's definition of economics?
- Define macroeconomics.
- What are the merits and drawbacks of Marshall's definition?
- What is economic profile?
- Economics is an art?
- What law of economics?

### **PARAGRAPH QUESTIONS (5 MARKS)**

- Discuss any five features of business economics.
- Explain the role of managerial economist.
- What are the responsibilities of a business economics?
- Bring out the importance of managerial economics.
- Explain the Robbins 'definition of economics.
- Give any two points of usefulness of micro economics.
- Discuss the importance of macro economics.
- Why is the study of macro significant in modern days?
- Distinguish between micro economics and macro economics.
- Bring out the scope of scope of economics.

### **ESSAY TYPE QUESTIONS (10 MARKS)**

- Explain the scope of business economics.
- Explain the growth oriented definition given by samuelson.
- Explain the features of Robbins definition.
- "Economics is a study of wealth" Discuss.
- Is economics a positive or normative science? Discuss.
- State the importance and significance of study of economics.
- Relationship of economics with others social science.
- What is the subject matter of economics? How is economics related to political and sociology?
- Critically examine Marshall's definition of economics.
- To what extent managerial economics differs from traditional economics.

## UNIT – II

### CHOOSE THE CORRECT ANSWER

1. What type of relationship exists between the price and quantity demanded?
  - a) Indirect
  - b) Inverse
  - c) Positive
  - d) Both a & b
2. Respondents the tabular form of quantity demanded of a particular product during a given period of time.
  - a) Law of demand
  - b) Demand curve schedule
  - c) Demand schedule
  - d) Cross demand
3. An exceptional demand curve is one that moves.
  - a) Upward to the right
  - b) downward to the right
  - c) horizontally
  - d) upward to the left
4. In the case of a giffen good, a fall in is price tends to
  - a) Demand remain constant
  - b) demand increases
  - c) Reduce the demand
  - c) Abnormal change in demand
5. The demand for necessities is usually
  - a) highly elastic
  - b) highly inelastic
  - c) unit elasticity
  - d) relatively in elastic
6. The responsiveness of demand to the change income is known as
  - a) price elasticity of demand
  - b) cross elasticity of demand
  - c) income elasticity of demand
  - d) none of these
7. Which are of the following is not a method of measuring elasticity of demand?
  - a) are method
  - b) percentage method
  - c) point method
  - d) none of these
8. The law which studies the direct relationship between price and quantity supplied of a commodity is.
  - a) Law of demand
  - b) Law of variable
  - c) Law of supply
  - d) None of the above

9. Extension and contraction of demand for a good occurs as a result of
- Change in the quality of good
  - Change in the price of a good
  - Availability of cheap substitutes
  - Increases in income
10. Demand forecasting can be categorized on the basis of
- the level of forecasting
  - time period
  - nature of goods
  - all the above

**Answers :** 1(d) 2(c) 3(a) 4(c) 5(b) 6(c) 7(d) 8(c) 9(b) 10 (d)

### SHORT QUESTIONS (2 MARKS)

- What is demand?
- Define an indifference curve.
- What is an indifference schedule?
- What is an indifference curve?
- What is scale of preference?
- What is marginal rate of substitution?
- What is demand forecasting?
- Define law of demand.
- What is demand curve?
- Who is consumer?

### PARAGRAPH QUESTIONS (5 MARKS)

- Describe the law of demand.
- What are the main features of the law of demand?
- Why does the demand curve slope downwards?
- Is there any exception to the law of demand? Explain.
- Bring out the utility or significance of the law of demand.
- What are the types income elasticity of demand?
- What is the significance of elasticity of demand?
- Explain and illustrate the characteristics, features of indifference curves.
- Draw a demand curve through indifference curve.
- State the qualities of good demand forecasting.

### ESSAY TYPE QUESTIONS (10 MARKS)

- Briefly explain the law of demand. Why does demand curve slope downwards.
- Explain the term cross elasticity of demand with examples.
- Explain outlay method to measure price elasticity of demand
- Explain the factors that determine elasticity demand of commodity.
- Explain the indifference curve giving its assumptions.
- Explain the consumer's equilibrium.
- Explain the various methods of demand forecasting.
- Give the relationship between marginal utility and marginal rate of substitution.
- Explain the law of demand with the help of indifference curve.
- "Indifference curve analysis is an old wine in the new bottle" - Critically discuss.

### UNIT – III

#### CHOOSE THE CORRECT ANSWER

1. Which shows various combinations of two products that give same amount of satisfaction?
  - a) ISO – cost curve
  - b) marginal utility curve
  - c) ISO – grant
  - d) Indifference curve
2. The process of capital formation includes
  - a) Capital of savings
  - b) mobilization of savings
  - c) investment of savings
  - d) all the above
3. Internal economies is related to
  - a) marketing economics
  - b) financial economics
  - c) labour economics
  - d) all of the above
4. When the output produced is maximum for the given level of input the fitting achieve.
  - a) maximum profit
  - b) technical efficiency
  - c) economic efficiency
  - d) none of these
5. Which of the following cost curve is U shaped?
  - a) average cost curve
  - b) marginal cost curve
  - c) average fixed cost curve
  - d) average variable cost curve
6. The point where TR curve cuts TC curve is called
  - a) equilibrium point
  - b) split off point
  - c) print of inflexion
  - d) Break Even point
7. The shape of TRC curve is
  - a) horizontal line
  - b) downward sloping
  - c) U shaped
  - d) upward slopping
8. Indicate which of the following is a variable cost?
  - a) cost of raw materials
  - b) cost of machine
  - c) interest on capital
  - d) rent payment for buildings

9. In perfect competition an increases profit when exceeds
- TC, TR
  - MC, MR
  - AR, AC
  - TR, TFC
10. \_\_\_\_\_ is the measure of satisfaction a consumer cost of consumption of a commodity.
- utility
  - in difference
  - margin of safety
  - all the above

**Answers :** 1(d) 2(d) 3(d) 4(b) 5(d) 6(d) 7(a) 8(a) 9(c) 10(a)

### SHORT QUESTIONS (2 MARKS)

11. What is production function?
12. State the law of production.
13. State the meaning of scale of production.
14. What is ISO cost line?
15. What is expansion path?
16. What is ISO product curve
17. What is technique economics?
18. What is marketing economics?
19. What is external economics?
20. What is law of returns to scale?

### PARAGRAPH QUESTIONS (5 MARKS)

21. Give the main characteristics at ISO production curves.
22. Is a product curves slope downward from left to right?
23. Explain the different types of economics of scale.
24. Explain producer's equilibrium.
26. Explain the features of product curves
27. What is marginal rate of substitution?
28. What are the Features of production function?
29. What are the main functions of scale of production?
30. Analyses concept of least cost combination and it is limitations.

### ESSAY TYPE QUESTIONS (10 MARKS)

31. Discuss the various properties of ISO product curves.
32. Write short notes on the following
  - i) ISO – Cost lines
  - ii) Right angled ISO events
  - iii) Expansion path.
33. Write short notes
  - i) ISO product
  - ii) ISO cost curve
  - iii) Ridge lines
34. Define production and explain its uses.
35. Explain the variable production.
36. Explain the law of diminishing returns.
37. Explain the basis of increasing returns to scale.
38. Explain and illustrate the law of variable proportions.
39. Differentiate between internal and external economics.
40. What are the Various types of external economics?



## UNIT – IV

### CHOOSE THE CORRECT ANSWER

1. The law of supply states that firm will \_\_\_\_\_ of the commodity when prices are high and vice versa.
  - a) purchase more
  - b) sell more
  - c) purchase less
  - d) sell less
2. Few sellers is the features of
  - a) monopoly
  - b) oligopoly
  - c) perfect competition
  - d) monopolistic competition
3. There is a single seller of a commodity which has no close substitutes can be termed as
  - a) pure monopoly
  - b) duopoly
  - c) monopoly
  - d) pure oligopoly
4. The general causes of inflation in India are ;
  - a) Demand factors
  - b) Supply factors
  - c) Fiscal factors
  - d) All the above
5. The single control in monopoly may mean
  - a) single producer
  - b) organization
  - c) govt or quasi govt
  - d) All the above
6. Which one is not a type of monopoly?
  - a) legal monopoly
  - b) pure monopoly
  - c) simple monopoly
  - d) discriminating monopoly
7. In case of perfectly in elastic supply, the supply curve will be
  - a) rising
  - b) vertical
  - c) horizontal
  - d) falling
8. Under monopoly which cost curve is parallel to ox – axis?
  - a) AVC
  - b) FC
  - c) MC
  - d) AC

9. Elasticity of production under monopolistic competition is

- a) Equal to one
- b) more than one
- c) less than one
- d) equal to zero

10. When price rises, quantity supplied

- a) expands
- b) falls
- c) increase
- d) unchanged

**Answers :** 1(b) 2(b) 3(a) 4(d) 5(d) 6(a) 7(b) 8(b) 9(b) 10 (a)

### SHORT QUESTIONS (2 MARKS)

- 11. Define supply.
- 12. What is marketing structure?
- 13. What is supply schedule?
- 14. What is supply curve?
- 15. What is monopoly?
- 16. What is meant by market?
- 17. Define the equilibrium of a firm.
- 18. What is dumping?
- 19. Define monopoly.
- 20. What is monopolistic competitions?

### PARAGRAPH QUESTIONS (5 MARKS)

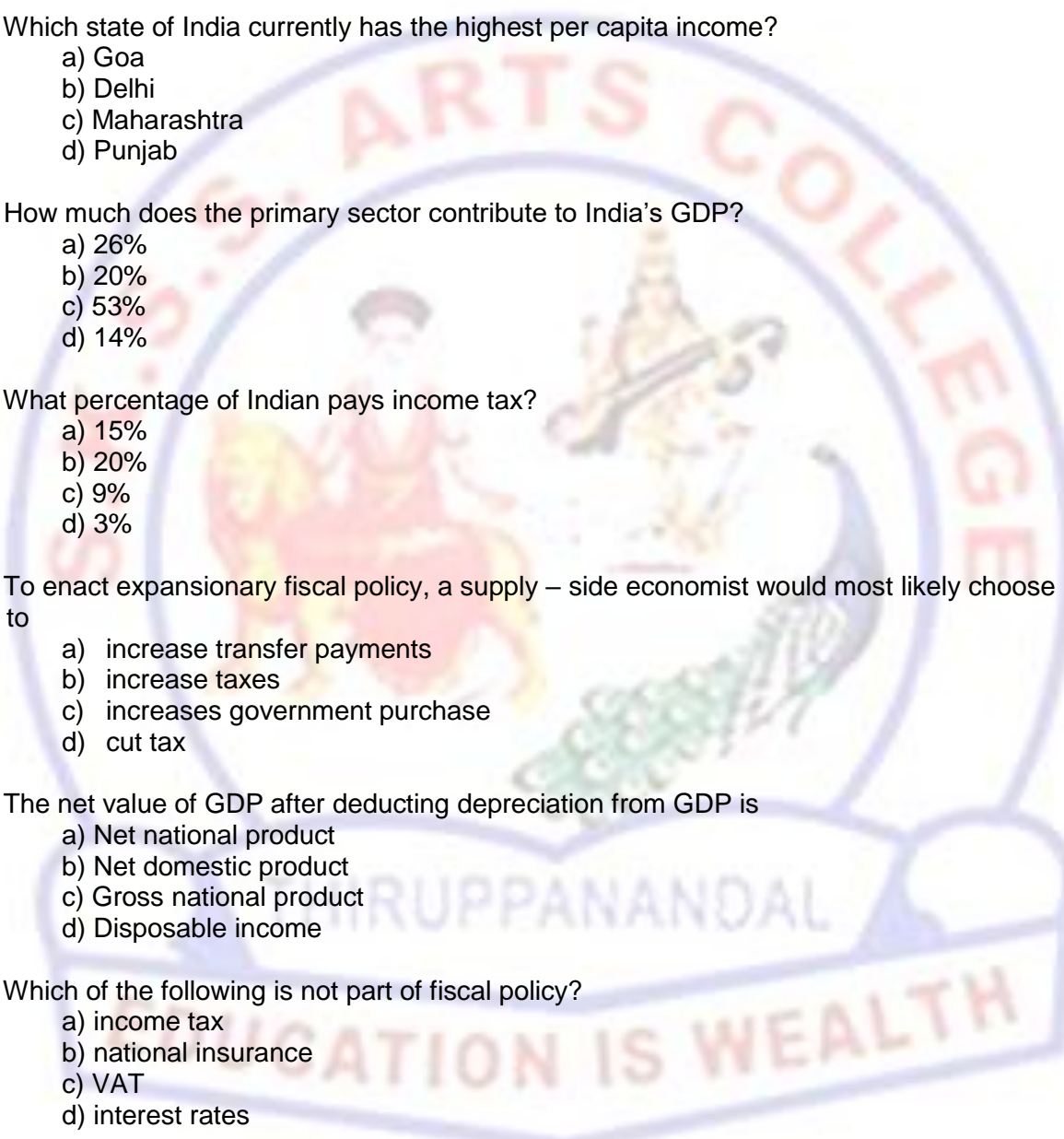
- 21. Give factors which influence supply.
- 22. State the features of monopolistic competition.
- 23. Why supply curve slope upward? Explain.
- 24. What is discriminating monopoly?
- 25. What are the features of monopoly?
- 26. How is price determined under monopoly? Explain.
- 27. Give the meaning of the equilibrium of the industry.
- 28. What is the short run equilibrium of the industry?
- 29. What is meant by competitive market? Discuss its characteristics?
- 30. Give any four, factors that determine market.

### ESSAY TYPE QUESTIONS (10 MARKS)

- 31. Explain the law of supply.
- 32. Explain the law of supply with the help of schedule and diagram.
- 33. Discuss the differences between the perfect market and monopoly.
- 34. Explain the following :
  - i) Extension and contraction of supply
  - ii) Increase and decrease of supply
- 35. How is price and output is determined under perfect competition? Explain.
- 36. Explain the long – run equilibrium of the industry.
- 37. Discuss the types of price discrimination
- 38. Explain short run equilibrium of the firm.
- 39. What is oligopoly? Explain price rigidity under oligopoly in terms of linked demand curve.
- 40. Explain the difference between selling costs and production costs.

## UNIT – V

### CHOOSE THE CORRECT ANSWER

1. What base year is used to calculate per capita income in India.
    - a) 2005 – 05
    - b) 2011 – 12
    - c) 2001 – 2002
    - d) 2014 – 15
  2. Which state of India currently has the highest per capita income?
    - a) Goa
    - b) Delhi
    - c) Maharashtra
    - d) Punjab
  3. How much does the primary sector contribute to India's GDP?
    - a) 26%
    - b) 20%
    - c) 53%
    - d) 14%
  4. What percentage of Indian pays income tax?
    - a) 15%
    - b) 20%
    - c) 9%
    - d) 3%
  5. To enact expansionary fiscal policy, a supply – side economist would most likely choose to
    - a) increase transfer payments
    - b) increase taxes
    - c) increases government purchase
    - d) cut tax
  6. The net value of GDP after deducting depreciation from GDP is
    - a) Net national product
    - b) Net domestic product
    - c) Gross national product
    - d) Disposable income
  7. Which of the following is not part of fiscal policy?
    - a) income tax
    - b) national insurance
    - c) VAT
    - d) interest rates
  8. Which does the government not control directly?
    - a) spending on health
    - b) spending on defense
    - c) firms investment decisions
    - d) spending on state education
- 

9. Which of the following is a possible government objective?
  - a) high borrowing costs
  - b) low income per person
  - c) lower employment
  - d) lower inflation
  
10. Reducing inflation is a more important objective than economic growth is an example of
  - a) normative economics
  - b) positive economics
  - c) objective economics
  - d) reality economics

**Answers :** 1(b) 2(a) 3(b) 4(d) 5(d) 6(b) 7(d) 8(c) 9(d) 10(a)

### **SHORT QUESTIONS (2 MARKS)**

11. What is national income?
12. Define national income estimates in India.
13. What is real income?
14. What is personal income?
15. What do you mean by fiscal policy?
16. What is privatization?
17. What is indirect taxes?
18. What is service tax?
19. What is direct taxes?
20. What is a tax policy?

### **PARAGRAPH QUESTIONS (5 MARKS)**

21. Bring out the significance of national income.
22. What are the objectives of fiscal policy?
23. Discuss the national expenditure and national product.
24. What factors affect the income in equality and economic growth?
25. Discuss the importance of fiscal policy.
26. What are the different methods of computing national income?
27. Discuss the scope of public finance.
28. Analyse the major features of national income in India.
29. What are the factors that determine national income?
30. What are methods of fiscal policy?

### **ESSAY TYPE QUESTIONS (10 MARKS)**

31. Explain the methods used for the estimation of national income in India.
32. Analyse the trends in national income and per capita income in India.
33. Discuss different objectives with which fiscal policy is framed in India.
34. Critically evaluate the fiscal policy in India.
35. Briefly Explain the various advantages and short comings of fiscal policy in India.
36. Explain the methods to measure national income.
37. Briefly explain the functions that determine the size of national income.
38. Enumerate the relationship between economic welfare and national income.
39. Explain the various components of national income Accounting.
40. Define public finance. Discuss its importance.