Question No : 1 of 27 Marks: 1 (Budgeted Time 1 Min)

Total Revenue (TR) is equal to:

Answer (Please select your correct option)

- Price times quantity.
- Price times quantity minus total cost.
- Price times quantity minus average cost.
- Price times quantity minus marginal cost.

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Question No : 2 of 27 Marks: 1 (Budgeted Time 1 Min)

In the long run, new firms can enter an industry and so the elasticity of supply tends to be:

Answer (Please select your correct option)

- More elastic than in the short run.
- Less elastic than in the short run.
- Perfectly elastic.
- Perfectly inelastic.

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Question No : 3 of 27 Marks: 1 (Budgeted Time 1 Min)



Answer (Please select your correct option)

- This individual receives no satisfaction from Good A.
- This individual receives no satisfaction from Good B.
- This individual will only consume A and B in fixed proportions.
- None of the given options.

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Question No : 4 of 27 Marks: 1 (Budgeted Time 1 Min)

The expected value is a measure of:

Answer (Please select your correct option)

- Risk.
- Variability.
- Uncertainty.
- Central tendency.

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Question No : 5 of 27 Marks: 1 (Budgeted Time 1 Min)

Economies of scope refer to:

Answer (Please select your correct option)

- Changes in technology.
- The long run.
- Multiproduct firms.
- Single product firms that utilize multiple plants.

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Question No : 6 of 27 Marks: 1 (Budgeted Time 1 Min)

The total utility curve for a risk neutral person will be:

Answer (Please select your correct option)

- Straight line.
- Convex.
- Concave.
- None of the given options.

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Question No : 7 of 27 Marks: 1 (Budgeted Time 1 Min)

How the slope of an isoquant can be interpreted if we measure the capital on the vertical axis and labor on the horizontal axis?

Answer (Please select your correct option)

- It can be interpreted as the rate at which the firm can replace capital with labor without changing the output rate.
- It can be interpreted as the average rate at which the firm can replace capital with labor without changing the output rate.
- It can be interpreted as the marginal product of labor.
- It can be interpreted as the marginal product of capital.

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Question No : 8 of 27 Marks: 1 (Budgeted Time 1 Min)

The equation below gives the degree of economies of scope (SC):

$$SC = (C(Q1) + C(Q2) - C(Q1,Q2)) / C(Q1,Q2)$$

where C(Q1) is the cost of producing output Q1, C(Q2) is the cost of producing output Q2, and C(Q1,Q2) is the joint cost of producing both outputs. If SC is positive then:

Answer (Please select your correct option)

- There are diseconomies of scope.
- There are both economies and diseconomies of scope.
- There are neither economies nor diseconomies of scope.
- There are economies of scope.

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Question No : 9 of 27 Marks: 1 (Budgeted Time 1 Min)

Since bread and butter are complements. When the price of bread goes up, the demand curve for butter:

Answer (Please select your correct option)

- Shifts to the left.
- Shifts to the right.
- Remains constant.
- Shifts to the right initially and then returns to its original position.

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Question No : 10 of 27 Marks: 1 (Budgeted Time 1 Min)

Since bread and butter are complements. When the price of bread goes down, the demand curve for butter:

Answer (Please select your correct option)

- Shifts to the left.
- Shifts to the right.
- Remains constant.
- Shifts to the right initially and then returns to its original position.

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Question No : 11 of 27 Marks: 1 (Budgeted Time 1 Min)

Which of the following situation is true regarding the given graph?



Answer (Please select your correct option)

- These consumers are willing to trade off a considerable amount of styling for some addition performance.
- These consumers are willing to trade off a considerable amount of performance for some addition styling.
- These consumers are indifferent between performance and styling.
- Sufficient information has not been provided to judge the situation.

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Question No : 12 of 27 Marks: 1 (Budgeted Time 1 Min)

If Ahmed goes to market and consumes only two goods, orange and banana. Assume that Ahmed is not at a corner solution, but he is maximizing utility. All of the following options are true EXCEPT?

Answer (Please select your correct option)

- MRSxy = Px / Py
- MUx / MUy = Px / Py
- Px / Py = Money income
- Px / Py = Slope of the indifference curve at the optimal choice

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Question No : 13 of 27 Marks: 1 (Budgeted Time 1 Min)

According to the law of diminishing marginal utility, the slope of the marginal utility curve is:

Answer (Please select your correct option)

- Horizontal.
- Vertical.
- Negative.
- Positive.

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Question No : 14 of 27 Marks: 1 (Budgeted Time 1 Min)

Which of the following options is true, if there is a decrease in the ability to purchase pizza because its price has increased?

Answer (Please select your correct option)

- Output effect.
- Income effect.
- Nominal effect.
- Substitution effect.

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Question No : 15 of 27 Marks: 1 (Budgeted Time 1 Min)

The price of mutton and quantity of mutton traded are P* and Q*, respectively. Given this information, consumer surplus is the area:

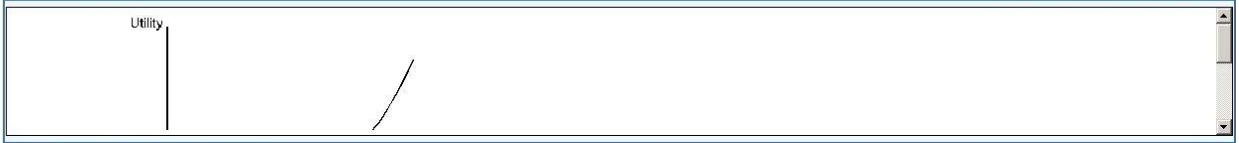


Answer (Please select your correct option)

- ACP*.
- CBP*.
- 0BCQ*.
- ABC.

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Question No : 16 of 27 Marks: 1 (Budgeted Time 1 Min)



Answer (Please select your correct option)

- Increasing as income increases.
- Constant for all levels of income.
- Diminishing as income increases.
- None of the given information is necessarily correct.

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Question No : 17 of 27 Marks: 1 (Budgeted Time 1 Min)

Ahmed would prefer a certain income of Rs.30,000 to a gamble, with 0.5 probability of Rs.15,000 and 0.5 probability of Rs.40,000. Based on this information:

Answer (Please select your correct option)

- We can infer that Ahmed is risk loving.
- We cannot infer Ahmed's risk preferences.
- We can infer that Ahmed is risk averse.
- We can infer that Ahmed is risk neutral.

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Question No : 18 of 27 Marks: 1 (Budgeted Time 1 Min)

Which of the following option is TRUE regarding the relationship between returns to scale and economies of scope?

Answer (Please select your correct option)

- A firm experiencing economies of scope must also experience increasing returns to scale.
- Economies of scale and economies of scope must occur together.
- A firm experiencing increasing returns to scale must also experience economies of scope.
- There is no definite relationship between returns to scale and economies of scope.

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Question No : 19 of 27 Marks: 1 (Budgeted Time 1 Min)

Which of the following features is/are significant for determining the extent of a market?

Answer (Please select your correct option)

- Its geographical boundaries.
- Technological innovations that would reduce the cost of production.
- The range of products to be included in it.
- Its geographical boundaries and the range of products to be included in it.

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Question No : 20 of 27 Marks: 1 (Budgeted Time 1 Min)

When a firm raw material costs increase, other things remaining the same:

Answer (Please select your correct option)

- The supply curve shifts to the left.
- The supply curve shifts to the right.
- Output decreases and the market price also decreases.
- The demand curve shifts to the right.

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Question No : 21 of 27 Marks: 1 (Budgeted Time 1 Min)

Ahmed is shopping for food and clothing. When he faces budget line b1, he chooses market basket A over market basket B. When he faces budget line b2, he chooses basket B over basket C.Which of the following assumption of consumer theory helps us to determine Ahmed's preference ordering over basket A and basket C?

Answer (Please select your correct option)

- Completeness.
- More is better than less.
- Transitivity.
- Convexity.

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Question No : 22 of 27 Marks: 1 (Budgeted Time 1 Min)

A production function in which we hold constant level of output while amount of capital and labor keep on changing, the curve that is traced out is known as:

Answer (Please select your correct option)

- The total product curve.
- An isoquant curve.
- The average product curve.
- The marginal product curve.

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Question No : 23 of 27 Marks: 3 (Budgeted Time 6 Min)

What is the profit maximizing condition of a firm working under perfect competition in each of the following approaches?

`) Marginal Cost and Marginal Revenue approach

a) Total Cost and Total Revenue approach

(Marks: 1.5+1.5)

Answer (Please click here to Add Answer)

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Question No : 24 of 27 Marks: 3 (Budgeted Time 6 Min)

Define consumer surplus. Briefly discuss its benefits.

(Marks: 1+2)

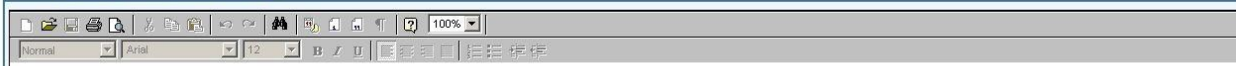
Answer (Please click here to Add Answer)

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Question No : 25 of 27 Marks: 3 (Budgeted Time 6 Min)

At which point consumer will get the maximum satisfaction regarding the consumer preference theory. Give your answer with the help of graph.
(Marks: 1.5+1.5)

Answer (Please click here to Add Answer)

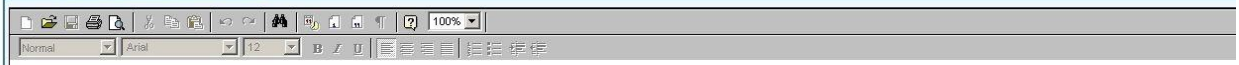


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Question No : 26 of 27 Marks: 5 (Budgeted Time 10 Min)

"A fall in the price of a good has two effects." Briefly explain those effects with the help of example.

Answer (Please click here to Add Answer)



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Question No : 27 of 27 Marks: 5 (Budgeted Time 10 Min)

The short-run cost function of a company is given by the following equation:

C=190+53Q

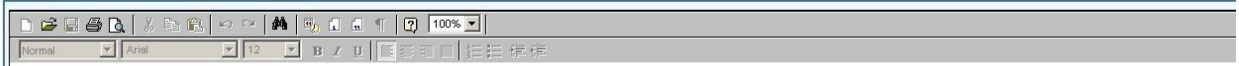
Where, C is the total cost and Q is the total quantity of output.

`. What is the company's fixed cost?

a. What is its marginal cost per unit produced?

b. If Q=10, what is its average fixed cost?

Answer (Please click here to Add Answer)



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Question No : 27 of 27 Marks: 5 (Budgeted Time 10 Min)

Where, C is the total cost and Q is the total quantity of output.

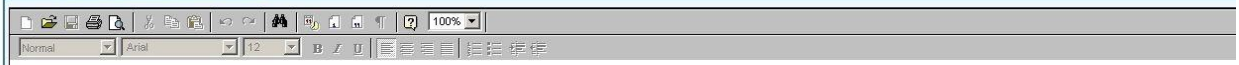
a. What is the company's fixed cost?

b. What is its marginal cost per unit produced?

c. If Q=10, what is its average fixed cost?

(Marks: 1+2+2)

Answer (Please click here to Add Answer)



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