

Economics Applications



Max Marks: 50
Time allowed: One hour
All Questions are compulsory

Select the correct option for each of the following questions

SECTION I

1. The graphical representation between income of the consumer & demand for a commodity is [1]
(A) Demand Curve (B) Utility Curve
(C) Geffen Curve (D) None of these (A), (B), (C).
2. The act of charging different prices from different consumers for the same product is known as: [1]
(A) Product Differentiation (B) Barrier to Entry in the market
(C) Price Discrimination (D) None of these (A), (B), (C).
3. The Horizontal demand Curve indicates [1]
(A) Infinite Demand (B) perfectly elastic demand
(C) Both (A) & (B) (D) None of these (A), (B), (C).
4. For unitary elastic demand, which of the following is/are correct: [1]
(A) The non linear demand curve forms rectangular hyperbola (B) The price elasticity of Demand is -1
(C) Applicable in case of goods of comforts (D) All of these (A), (B), (C).
5. Observe the relation in first pair, and complete the second pair [1]
Price taker: Perfect competition;
Price maker: _____
(A) Monopoly (B) Monopolistically competitive
(C) Both (A) & (B) (D) None of these (A), (B).
6. An individual invested in Systematic Investment Plan (SIP) & earns annual income from it; it is a type of [1]
(A) Debt Capital (B) Money Capital
(C) Real Capital (D) Social Capital
7. A form of market, where a single buyer exist is commonly known as [1]
(A) Monopoly (B) monopsony
(c) Duopoly (C) oligopoly
8. Pick the odd one out : [1]
(A) Wages (B) Capital
(C) Profit (D) Rent
9. Choose the correct term, for the given statement : [1]
There are the situations of direct relation between the price of the product and its quantity demanded.
(A) Law of Demand (B) Law of supply
(C) Exception to the Law of Demand (D) Exception to the Law of Supply.

10. Capital does not include [1]
(A) Produced means of further production (B) Consumption Good
(C) Both (A) & (B) (D) Insufficient options
11. _____ is an exception to the law of supply [1]
(A) Agricultural goods (B) supply of furniture items
(C) Supply of Electronics (D) All of these (A), (B), (C).
12. Shifting cultivation involves [1]
(A) Clearing of forests (B) Burning of trees
(C) Movement from one place to another (D) All of these (A), (B), (C).
13. Which of the following is not a characteristic of land : [1]
(A) Passive (B) indestructible
(c) Heterogeneous (D) perfectly elastic supply
14. _____ is deciding in advance, what to do, how to do. [1]
(A) Coordinating (B) planning
(C) Delegating (D) Risk taking
15. The marginal Revenue & Average Revenue equal to each other, is the feature of [1]
(A) Monopoly (B) Perfect competition
(c) Monopolistically competitive (D) none of these (A), (B), (C).
16. Labour Efficiency is measured in terms of [1]
(A) Quantity Produced (B) Quality of the product produced
(C) Time Taken to produce the good (D) all of these (A), (B), (C).
17. The movement along the supply curve is caused due to [1]
(A) Rise in the price of substitute good (B) Rise in the Price of the given good
(C) Increase in the factor cost (D) all of these (A), (B), (C).
18. For which of the following good(s), the price elasticity of demand is expected to be relatively low? [1]
(A) Electricity (B) Crackers
(C) Smart phones (D) All of these (A), (B), (C).
19. Mining causes [1]
(A) Erosion (B) landslides
(C) Land Degradation (D) these (A), (B), (C).
20. Which of the following is second stage of capital formation? [1]
(A) Creation of savings (B) Investment of mobilised savings
(C) Mobilization of savings (D) cannot be said.
21. Division of labour may lead to overproduction [1]
(A) True (B) False
22. Pure competition is the part of perfect competition [1]
(A) True (B) False
23. Pick the odd one out – [1]
(A) Urbanization (B) Migration
(c) Industrialization (D) Economization

24. Goods which are used together to fulfill a want are substitute goods [1]
 (A) True (B) False

25. The supply curve passes through origin indicates [1]
 (A) Perfectly Elastic supply (B) unitary Elastic Supply
 (c) Relatively Inelastic supply (D) Perfectly Inelastic supply

Section II

26. Which of the following statements is true : *the determinant of supply of the commodity is/are* [2]
 (i) The price of the commodity
 (ii) Price of substitute good
 (iii) Goal of the producer
 (A) Only (i) & (ii) (B) only (ii) & (iii)
 (C) Only (i) & (iii) (D) All (i), (ii) , (iii)

27. Match the following and select the correct option : [2]

(i)	Perfect Competition	1	Single Buyer
(ii)	Monopsony	2	High selling cost
(iii)	Monopoly	3	Perfect mobility of factors of production
(iv)	Monopolistically Competitive	4	Barrier to entry in the market

- (A) (i) 1 , (ii) 2 , (iii) 3, (iv) 4 (B) (i) 2 , (ii) 4 , (iii) 1, (iv) 3
 (C) (i) 3 , (ii) 1 , (iii) 4, (iv) 2 (D) (i) 3 , (ii) 1 , (iii) 2, (iv) 4

28. Land & capital are not same because [2]
 (i) Land is free gift of nature, but capital involves cost
 (ii) Land is passive
 (iii) Supply of land is fixed & limited
 (A) Only (i) & (ii) are applicable (B) Only (ii) & (iii) are applicable
 (C) Only (i) & (iii) are applicable (D) All are applicable

29. There is a leftward shift in demand curve. The possible reason(s) may be [2]
 (i) Rise in the price of the given commodity
 (ii) Consumer expects the rise in price in near future
 (iii) A low price substitute is made available in the market
 (A) Only (ii) & (ii) are applicable (B) Only (i) & (ii) are applicable
 (C) Only (i) & (iii) are applicable (D) Only (iii).

30. The price elasticity of supply is found to be high. Which of the following observations is/are true? [2]
 (i) The good supplied is durable
 (ii) The time period for supply is long
 (iii) The seller is risk taker
 (A) Only (ii) & (ii) are applicable (B) only (i) & (ii) are applicable
 (C) Only (i) & (iii) are applicable (D) All are applicable

31. The price of the commodity has increased from ₹ 10 to ₹ 12 per unit. Consequently, the Quantity demanded has decreased from 400 units to X units. Given that the price elasticity of demand is unitary, the value of X is [2]
 (A) 400 (B) 320
 (C) 280 (D) 200

32. The major factors resulting in the operation of law of demand are [2]
 (i) Change in the price of the substitute good
 (ii) Price effect
 (iii) Law of Diminishing Marginal utility
 (iv) Change in money income of the consumer

- (A) Only (i), (ii) & (iii) are applicable (B) Only (ii) & (iii) are applicable
 (C) Only (i) & (iii) are applicable (D) only (i) & (iv) are applicable

33. Match the following and select the correct option : [2]

(i)	Quantity available at any point of time for sale	1	Market period
(ii)	Vertical supply curve	2	Improved state of technique of production
(iii)	Rightward shift in supply curve	3	Intended supply
(iv)	Downward movement along supply curve	4	Fall in the price of the commodity

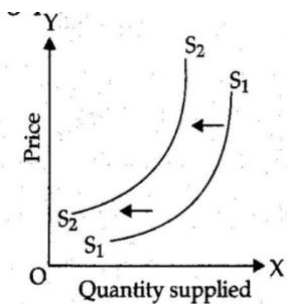
- (A) (i) 1, (ii) 2, (iii) 3, (iv) 4 (B) (i) 2, (ii) 4, (iii) 1, (iv) 3
 (C) (i) 3, (ii) 1, (iii) 4, (iv) 2 (D) (i) 3, (ii) 1, (iii) 2, (iv) 4

34. Match the following and select the correct option : [2]

(i)	Division of labour	1	Entrepreneur is innovative
(ii)	Pradhanmantri Aawas Yojana	2	Ice factory
(iii)	Sunk capital	3	Dwelling units
(iv)	Schumpeter	4	Market size

- (A) (i) 1, (ii) 2, (iii) 3, (iv) 4 (B) (i) 4, (ii) 3, (iii) 2, (iv) 1
 (C) (i) 3, (ii) 1, (iii) 4, (iv) 2 (D) (i) 3, (ii) 1, (iii) 2, (iv) 4

35. Observe the diagram below, and select the correct option: [2]



- (A) Expansion in supply (B) Contraction in supply
 (C) Decrease in supply (D) increase in supply

36. Read the following passage and answer the questions that follow :

Vihan is a self employed – an entrepreneur and he provide all managerial and technical assistance in his business organization where sorting, grading, and packeting take place. This organization provides the ready to sell packets to the various reputed food manufacturing companies, ranging from ₹ 50,000 & above. The core activities included are obtaining government approvals procuring the raw material, , division of work etc are done by Vivan himself. While other works like stock management, cash management, maintenance and dealing with the clients are delegated to the managers. Being expert in his field for more than 12 long years, Vivan is successfully catering the needs of his client, who are more than satisfied.

I. What is the minimum price order, which Vihan's Organization takes place? [1]

- (A) ₹ 12,000 (B) ₹ 50,000
(c) ₹ 5000 (D) information is not available

II. Which of the activities is not included as a core activity? [1]

- (A) Procuring raw material (B) Stock Management
(C) Obtaining government approvals (D) division of work

III. What is the annual sale of Vihan's organization? [1]

- (A) ₹ 12, 00,000 (B) ₹ 50, 00,000
(c) ₹ 10, 00,000 (D) information is not available

IV. What tasks are delegated to the managers? [1]

- (A) Maintenance (B) dealing with the clients
(C) Stock management (D) All of these (A), (B), (C).

V. As a successful Entrepreneur, which characteristic *can be ignored*? [1]

- (A) Risk taker (B) Innovator
(C) Leadership (D) None of these (A), (B), (C).
