

OMBC104: Assignment & Self Assessment

Qns

1. Handicraft goods are produced by what type of techniques?

- a. Labour intensive**
- b. Production Intensive
- c. Capital Intensive
- d. Employee Intensive

2. The total output produced by all the business firms is said to be the

- a. Gross Output**
- b. Production output
- c. National output
- d. Net product

3. It is the sum total of all household (individual) demands.

- a. Individual demand
- b. market demand**
- c. total demand
- d. consumer demand

4. The problems which are related to the growth, employment, stability and the external balance in an economy are referred to as

- a. Microeconomic
- b. speculative

c. demographic

d. Macroeconomic

5. Which is not an assumption on which law of variable proportion is based?

a. State of technology given

b. labour is identical

c. input prices not given

d. capital remains same

6. When a small change in price of a product causes a major change in its demand, it is said to be

a. perfectly elastic demand

b. Inelastic demand

c. unitary elastic demand

d. perfectly inelastic demand

7. It explains the degree of relationship between two related goods.

a. Income Elastic

b. Cross Elastic

c. Price Elasticity

d. Product Elasticity

8. It is defined as a want-satisfying characteristic of a good.

a. Machine

b. Product

c. Utility

d. Leader

9. Which is not a method for determining price elasticity of demand?

a. Machine method

b. Total outlay method

c. Percentage method

d. Arc method

10. The transaction among different units forms two types of circular flows, i.e., product flows and

a. Capital

b. Machine

c. Labour

d. Assets

11. In the short-run, production function is studied with only one variable input, which is

a. Capital

b. Machine

c. Labour

d. Assets

12. The ideal stage for production as per law of variable proportion is

a. Stage 2

b. Stage 3

c. Stage 1

d. Stage 4

13. Factory Rent is a type of

a. Direct expense

b. Liability

c. Assets

d. Indirect Expenses

14. The payment made by an organisation for acquiring factors of production such as material, labour, plant and machinery.

a. Explicit Cost

b. Implicit Cost

c. Opportunity Cost

d. Marginal Cost

15. The factors of production are not mobile in case of monopolistic competition.

a. True

b. False

16. The marginal productivity theory is a classical theory of factor pricing.

a. True

b. False

17. Substitute goods are also known as Competitive goods.

a. True

b. False

18. Desire refers to the willingness or capability of individuals to buy a product at a particular price.

a. True

b. False

19. Inclined the slope of the demand curve, higher the elasticity of demand.

a. True

b. False

20. Marginal utility is derived as the change in utility as an additional unit is consumed.

a. True

b. False

21. When there is a shift in the demand curve, the equilibrium point also gets shifted.

a. True

b. False

22. Direct labour cost is defined as the total cost incurred due to direct labour.

a. True

b. False

23. The problems which are related to the functioning of the economic system are referred to as _____ problems.

a. Geographic

b. National

c. Macroeconomic

d. Micronomic

24. Returns to scale become _____ as the increase in total output is in exact proportion to the increase in inputs.

a. Constant

b. Increasing

c. Decreasing

d. Nothing

25. The law of supply is applicable only when the cost of production remains

_____.

a. Constant

b. Increasing

c. Decreasing

d. Unity

26. The free enterprise economic system is termed as _____.

a. Free system

b. Laissez-faire system

c. Capitalistic economic system

d. Mixed Economic System

27. _____ is one of the greatest monopolies in Indian railroad transportation.

a. Air Asia

b. Air India

c. Indian Railways

d. ASTC

28. _____ is calculated as the ratio of total revenue and quantity sold.

a. CR

b. TR

c. MR

d. AR

29. Under _____ market structure, the number of firms is very few.

a. Monopoly

b. Oligopoly

- c. Perfect competition
- d. Monopolistic

30. _____ costs include the financial expenses incurred by an organisation for acquiring factor of production for a commodity.

- a. Accounting
- b. Explicit**
- c. Opportunity
- d. Marginal

Question	Option 1	Option 2	Option 3	Option 4	Answers	
Choose the correct option from the following If marginal revenue is equal to zero	total revenue is zero.	average revenue is zero	total revenue is at a maximum or a minimum.	average revenue is at a maximum or a minimum.	3	
Choose the correct option from the following If average cost is at a minimum	it is equal to marginal cost.	total cost is also at a maximum	profit is at a minimum	revenue is maximum	1	
Identify the type of market for automobile	monopolistic competition.	duopoly	differentiated oligopoly.	pure oligopoly.	3	
Choose the underlying economic principle for government providing water supply, Electricity, Railway, street lights and not the private firms	monopolistic competition.	Monopoly	Duopoly	Natural monopoly	4	
Identify the market structure If the market demand curve for a commodity has a negative slope	perfect competition.	monopoly.	imperfect competition.	The market structure cannot be determined from the information given.	4	
Choose which of the following is an assumption of linear breakeven analysis?	Output price is constant	Average variable cost is constant	Average fixed cost is constant	All of the above	1	1
Select which out of the following is not included in estimation of NI	Subsidized lunch	Old age pension	Free medical facilities	Construction of a house	2	
Select which one is not an indicator of barometric technique?	Lagging indicator	Leading indicator	Coincidence indicator	Smoothing indicator	3	2
Choose from the following which concept traces relationship between cost and revenue at every level of output	Production analysis	Consumption analysis	Break even analysis	Cost analysis	3	
Choose about the number of firms In monopsony	Most retail sale	Many suppliers but one buyer	Single	Very large	2	
Choose the economic term for the minimum expected return to keep an entrepreneur in his present business	Gross profit	Net profit	Normal profit	Monopoly profit	3	
Sales taxes paid to the state by a retail firm are an example of an implicit cost.	TRUE	FALSE			2	
Business profit is equal to total revenue minus all implicit costs.	TRUE	FALSE			2	
A firm's total profit is generally at a maximum when total revenue is at a maximum.	TRUE	FALSE			2	
A firm's total profit is generally at a maximum when total cost is at a minimum.	TRUE	FALSE			2	
RBI decision to increase interest rate is a part of	Micro economics	Macro economics	Both a and b	None of the above	2	
Backed by purchasing power, desire to purchase	Demand	Price	Consumption	Utility	3	
Tea and coffee are examples of	Complementary Goods	Substitute Goods	Paired Goods	Automobile Goods	2	
Which is not a measurement of elasticity of demand?	Point Elasticity	Time Series Method	Arc Elasticity	Percentage Method	2	
A period of time over which the inputs of all the factors of production can be varied.	Short Period	No period	Duration	Long Period	4	
Which of the following is not a law of return?	Law of diminishing Return	Law of Negative Return	Law of Increasing Return	Law of Constant Return	2	
_____ to scale is caused by indivisible of fixed factors which are of minimum size.	Negative return	Constant return	Decreasing return	Increasing return	4	
A _____ function gives the idea of inputs and outputs relationship.	Cost	Supply	Demand	Production	1	2
As per law of variable proportion, producers should produce at which stage?	Stage 1	Stage 3	Stage 2	Stage 4	3	
The _____ cost is related to scarcity concept.	Opportunity	Economic	Budgetted	Actual	1	
These costs do not involve any cash payment and do not appear in the accounting system.	Explicit Cost	Implicit Cost	Actual Cost	Accounting Cost	2	
Long term AC curve is also called	Supply Curve	Average Revenue Curve	Total Curve	Plant Curve	4	
Which is not a type of internal economies?	Disintegration	Technical	Financial	Managerial	1	
Which is not an exception to the law of supply?	Rare Articles	Inelastic Goods	Speculative Goods	Agricultural Goods	3	
A small increase in price leads to a larger increase in output, i.e. supply.	Inelastic Supply	Elastic Supply	Negative Supply	Positive Supply	2	
Here if the price falls supply will decrease much and if price raises supply will increase very much.	Es = 0	Es = 1	Es < 1	Es > 1	4	
Which of the following is not a determinant of supply?	Government Rules	Price	Technology	Goals of producer	1	
Supply comes out of _____.	Production	Business	Godown	Stock	4	
If Total Product is divided by the number of labours, we have	Variable Product	Average Product	Marginal Product	Investment	2	
If a firm wants to introduce a new product, the initial price of the product is kept low to capture the market.	Penetration Pricing	Skimming Pricing	Cost Plus Pricing	Marginal Pricing	1	
_____ means state of rest.	Equilibrium	Optimum	Sleeping	Leisure	1	
There are large number of buyers and sellers and no one can influence the price.	Duopoly	Perfect Competition	Monopoly	Monopolistic	2	
To study relations in order to maintain _____ and efficiency of labour by giving incentives and motivate them.	Productivity	Performance	Profit	Punctuality	1	
The science of choice when faced with unlimited ends and scarce resources having alternative uses is the definition of _____	Performance	Economic	Result	Supply	2	
Analysis of price of the product and try to push the product in the market as per the market _____	Conditions	Situation	Functions	Awareness	1	
Managerial economics and _____ always include Pricing strategy and earning profit	Finance	Marketing	Human Resource	Social Sciences	1	
Managerial economics is used all the streams _____ and _____	Directly and Indirectly	Perfectly and Imperfectly	Socially and Economically	None of the above	1	
Managerial economics refers the application of principles of economics in _____ of the business	Operating	Result	Performance	Decision making	4	
Managerial economics has to study the market, determine the demand based on _____ and other circumstances	Situation	Performance	Forecasting	Result	3	
The scope of Economics is _____ than the scope of Managerial economics	Equal	Wider	Lower	Different	2	
Study of market structure is a _____ of managerial economics	Function	Type	Scope	Result	3	
Law of demand states	Positive relation between price and demand	Negative relation between price and demand	Symmetric relation between price and demand	None of the above	2	
A flatter supply curve is	Price elastic	Unit price elastic	None of these answers	Price inelastic	3	
At the consumer's optimum consumption bundle	The slope of the difference curve equals the slope of the budget constraint	The indifference curve is tangent to the budget constraint	The relative process of the two goods equals the marginal rate of substitution	All of the above	2	2
Which of the following is not a property of indifference curve	Indifference curves are downward slopping	Indifference curves are bowed outward	Indifference curves do not cross each other	Higher indifference curves are preferred to lower ones	2	
Goods which are used along with some other goods is known as	Complementary goods	Demand	Giffen goods	Law of demand	1	

In our economy resources are?	Not Available	Unlimited	Everywhere	Limited	4	
What do you mean by utility?	It is the quantity of goods produced	The want satisfying quality of goods	It is the quantity of goods supplied	It uses some of the theories of macro economics	2	
Giffen goods are also known as	Inferior goods	Superior goods	Supportive goods	Consumption of goods	2	1
Consumer's tastes is determined in demand as	PT	CT	DT	Only T	4	
The elements of demand are	Desire	Backed by money	Willingness to pay and part with the money	All of the above	4	
The law of diminishing marginal utility was formulated by	Prof. Marshall	N H Borden	Dr. Alfred Marshall	W. Anderson	1	
The law states that as a consumer increases the consumption of a product, the utility gained from the successive units goes on	Increasing	Decreasing	Constant	None of the above	2	
Under the following situations the law of demand is not applicable	Giffen goods	Goods in short supply	Costly luxury items	All of the above	4	
When demand increases the curve shifts out and demand will be greater for	Each price level	One price level	No price level	None of the above	1	
Direct demand of goods is demand of those goods and services which are directly consumed by the	Suppliers	Retailers	Ultimate consumer	Distributors	3	
Other things remaining the same the demand for goods increases as the price decreases and vice-versa is the definition of	Law of supply	Law of demand	Law of marginal utility	Giffen goods	2	
Inferior goods, consumed mostly by the poor people as essential commodities. The demand of these goods increases with a rise in price	Law of supply	Law of demand	Law of marginal utility	Giffen goods	4	
When more than one commodity is required to satisfy a demand is known as	Joint demand	Composite demand	Income demand	Individual demand	1	
Any commodity can be put to many uses, and the use of it depends upon its price - Is a perfect definition of	Joint demand	Composite demand	Income demand	Individual demand	2	
The goods which can be used more than once over a period of time is known as	Perishable goods	Non perishable goods	Durable goods	Non durable goods	3	
This demand refers to the demand of interrelated good	Joint demand	Cross demand	Income demand	Individual demand	2	
It means that demand is the function of price i.e	$d=f(p)$	$d=f(v)$	$d=f(c)$	$d=f(f)$	1	
Diminishing marginal utility schedule total and _____ utility	Total utility	Average utility	Marginal utility	None of the above	3	
The law of _____ is formulated by Prof. Marshall	Demand	Supply	Diminishing marginal utility	Production	3	
The price of diamond is more in exchange but it has _____ value in use.	More	Equal	Less	Constant	3	
The law of _____ can be derived from the law of diminishing marginal utility	Demand	Supply	Diminishing marginal utility	Production	1	
$d=f(p)$ means demand is the _____ of price	Function	Proportion	Equation	None of the above	1	
_____ goods are not essential goods and are consumed by the rich only	Giffen	Outdated	Costly luxury	Speculative	3	
_____ goods are generally desired by the people and these are durable goods	Giffen	Outdated	Costly luxury	Speculative	2	
_____ goods such as shares are traded in the share market which do not follow the law of demand	Giffen	Outdated	Costly luxury	Speculative	4	
Government spending excludes government spending on _____.	Transfer payments	Tax	Goods and services	Wages and material	1	
Continuity in consumption is prerequisite for	Law of diminishing marginal utilities	Revealed preferences	Indifference curve analysis	Marginal rate of substitution	4	
Cross elasticity means?	An increase or decrease in the income of a person	A small change in the price of a product changes the demand of a product more	High fall in price may increase the demand slightly or not at all	When the price of a product increases, the demand for its close substitute will increase	4	
A forecasting methods in which the whole population or its sample are surveyed to determine the trends	Leading indicator	Trend projection	Opinion poll	None of the above	3	
Which is a kind of expert opinion method for forecasting	Delphi method	Consumer survey	Opinion poll	Trend projection	1	
The businessman has to arrange for Finance, Space, Manpower; material etc. This idea is known as forecasting of demand of	A product	A commodity	A sell	A consumption	1	
When the demand of a commodity is responsive to price then it is known as	Income elasticity of demand	Cross elasticity of demand	Price elasticity of demand	None of the above	3	
Price elasticity of demand can be shown as	% change in quantity demanded + % change in price	% change in quantity demanded - % change in price	% change in quantity demanded / % change in price	% change in quantity demanded * % change in price	3	
When two goods are used at the same time to fulfill the demand is known as	Goods demanded	Normal goods	Complementary goods	Repetative goods	3	
Under this the govt. in order to control the exploitation of the poor farmers announces the support prices of most of the agriculture products	Support pricing	Administration pricing	Cost cut pricing	Government pricing	1	
The market demand curve for a perfectly competitive industry is $QD=12-2P$. The market supply curve is $QS=3+P$. The market will be in equilibrium if	$P=6$ & $Q=9$	$P=5$ & $Q=2$	$P=4$ & $Q=4$	$P=3$ & $Q=6$	4	
Which of the following is a barrier to entry that typically results in monopoly?	The firm controls the entire supply of a raw material	Production of the industry's product is subject to economies of scale over a broad range of output	Production of the industry's product requires a large initial capital investment	The firm holds an exclusive government franchise	3	
A natural monopoly refers to monopoly that is defended from direct competition by	Economies of scale over a broad range of output	A government franchise	Control over a vital input	A patent or copyright	3	1
A single-plant, multi-product firm will introduce additional products	In order of diminishing price elasticity's of demand	Until the marginal revenue from the last product introduced is equal to zero	Until 100% of unused plant capacity is employed	In order of income price elasticity's of demand	3	
A firm will realize the highest level of profit if it is able to engage in	First-degree price discrimination	Second-degree price discrimination	Third-degree price discrimination	The answer cannot be determined without additional information	1	
A movie theatre that charges a lower price for matinees than for evening showings is engaging on	First-degree price discrimination	Second-degree price discrimination	Third-degree price discrimination	The answer cannot be determined without additional information	1	1
When large number of able bodied pressures of working age, which are willing to work cannot get the work	Monetary policy	Open market	Depression	Fiscal policy	3	
It is a mechanism to regulate the money supply in an economy by the central bank	Bank rate	Monetary policy	Inflation	Fiscal policy	2	
Which of the following is a macroeconomic issue?	The price of houses in Oxford	The wage rate for plumbers in London	Your decision to work or stay at home	The level of unemployment in the UK	4	

The percentage change in one's real income can be approximated by	Dividing real income by the price level, expressed as an index number	Dividing the price level, expressed as an index number, by nominal income	The % change in price level minus the % change in nominal income	The % change in nominal income minus the % change in the price level	4	
The price level has doubled in 35 years. The approximate annual percentage rate of increase in the price level over this period has been:	50 percentage	20 percentage	5 percentage	2 percentage	4	
The main measurement of inflation is:	Part time employment and discouraged workers	The unemployment is subject to criticism	Unemployment that is caused by a decline in total spending	The unemployment rate	3	
Process of translating cash flow into equivalent dollars at common base period is considered as	Semiannual cash flow	Annual cash flow	Compounded cash flow	Discounted cash flow	4	
The cost incurred by the government for the welfare of the people and which improves the life of the people	Marginal cost	Average cost	Social cost	Total cost	3	
Managerial economics is _____ economics in nature	Macro	Micro	Positive	Negative	2	
It is the study of aggregates, i.e. aggregate employment, aggregate income, aggregate saving and investment, trade cycles, government policies, etc of a nation.	Positive Economics	Micro Economics	Macro Economics	Normative Economics	3	
Which of the following is a nature of managerial economics?	Pragmatic	Opportunistic	Macro	Normative	1	
Managerial economics is _____ economics and based on normative economics.	Positive	Pragmatic	Macro	Applied	4	
"As price increases, demand decreases".	Law of Supply	Law of Income	Law of Demand	Price Elasticity of demand	3	
It is want satisfying power of a commodity.	Demand	Utility	Supply	Purchasing power	2	
The three elements of demand are: Desire, Backed by Purchasing power and _____.	Willingness to pay	Objective	Money	Purpose	1	
These goods represent status symbols.	Associated Goods	Speculative Goods	Giffen Goods	Veblen Goods	4	
If $E < 1$, it is a case of	Elastic Demand	Unitary Elastic	Inelastic Demand	Perfectly Elastic	3	
When the demand of a commodity is responsive to income then it is known as	Cross Elasticity	Income Elasticity	Price Elasticity of demand	Inelasticity	2	
Which of the following is true with reference to Opportunity Cost?	It is the value of the next best use for an economic good	It is the value of a sacrificed alternative	It is useful in decision making	It is useful for valuing non marketed goods	1	
It is the market value of all the final goods and services made within the borders of a country in a year.	GNP	GDP	Market Price	Selling Price	2	
Which is not a reason behind failure of market mechanism?	Rise of Monopolies	Economic Instability	Sacrifice of Social Welfare	Poverty	4	
A form of Govt. intervenes in the economy in which Govt. agency uses its law making power to regulate the prices.	Legal Control	Red Tapism	Price Control	Politics	3	
_____ is a method of price control.	NPV	Bank Rate	ARR	MBO	2	
M RTP is related to	Monopolistic Restrictive Trade Practices	Maximum Retail Price	Minimum Relative Trade Policy	Measures for Retail Trade Prices	1	
Economic problem arise because of	Abundant resources	Resources are Scarce	Inefficiency of authority	Inefficient use of resources	2	
Which of the following is not a factor of production?	Labour	Land	Profit	Capital	3	
Act of satisfying one's wants is known as	Demand	Aggregate demand	Utility	Consumption	4	
The branch of economics which studies the aggregate behavior of the economic system	Macro economics	Micro economics	Managerial economics	None of the above	1	
There is an inverse relationship between the quantity demanded of a commodity and its price.	TRUE	FALSE			1	
If the demand for a firm's output is horizontal, then the firm is a perfect competitor.	TRUE	FALSE			1	
Estimates of demand elasticities are used by firms to determine optimal operational policies	TRUE	FALSE			1	
A scatter diagram is a graph of a linear function.	TRUE	FALSE			2	
The Delphi method generates forecasts by surveying consumers to determine their opinions.	TRUE	FALSE			2	
Time-series analysis generates forecasts by identifying cause and effect relationships between variables.	TRUE	FALSE			1	
_____ demand forecasting is related to the business conditions prevailing in the economy as a whole	Macro level	Industry level	Firm level	Micro	1	
_____ is the change in total revenue irrespective of changes in price or due to the effect of managerial decision on revenue	Average revenue	Total revenue	Marginal revenue	Incremental revenue	4	
Demand for necessary goods (salt, rice, etc.) is _____ and demand for comfort and luxury good is _____	Elastic, inelastic	Inelastic, elastic	Elastic, elastic	Inelastic, inelastic	2	
_____ Method is also known as Sales-Force –Composite method or collective opinion method	Opinion survey	Expert opinion	Delphi method	Consumer interview method	1	
The Importance of micro economics in the managerial economics does not include	Theory of commodity pricing	Theory of consumer surplus	Theory of factor pricing	Economics of welfare	2	
Managerial economics and HR focuses on	Planning for product demand	Required skill availability	Forecast the cash flow	Pricing strategy and earning and profit	2	
Cross elasticity of demand is shown as	$C_e = \frac{\% \text{ change in demand of X product}}{\% \text{ change in the price of Y product}}$	$C_e = \frac{\% \text{ change in demand of X product}}{+\% \text{ change in the price of Y product}}$	$C_e = \frac{\% \text{ change in demand of X product}}{\% \text{ change in the price of Y product}}$	$C_e = \frac{\% \text{ change in demand of X product}}{\% \text{ change in the price of Y product}} * \%$	3	
Total Outlay Method is given by	Prof. Marshall	N H Borden	Dr. William Marshall	W. Anderson	1	
Total product/ number of units of output is a formula of	Total product	Marginal product	Inputs	Average product	4	
The change in output resulting from a unit change in one of the firm's variable input is a definition of?	Total product	Marginal product	Inputs	Average product	2	
It is the cost which has been incurred in the past activity	Margin of safety	Total cost	Breakeven point	Historical cost	4	
Which cost is very important cost concept used in business decision	Actual cost	Opportunity cost	Implicit cost	Explicit cost	2	
Which costs are known as supplementary costs and indirect cost	Fixed cost	Actual cost	Opportunity cost	Historical cost	1	
$SS=f(P_n, P_r, F, T, G)$. In this formula P_r stands for?	Price	Price of related goods	Price of factors	Performance review	2	
$SS=f(P_n, P_r, F, T, G)$. In this formula P_n stands for?	Price	Price of related goods	Price of factors	Performance review	1	
Under this concept the price is fixed on the higher side and demand increases.	Marginal Cost	Cost plus Pricing	Pricing Leadership	Pricing Skimming	4	
The want satisfying quality of goods is a definition of	Demand	Aggregate demand	Utility	Consumption	3	
What does it include from the following as economic problems of world	Population explosion	Demand analysis	Supply analysis	Profit analysis	1	
Which one is a quadratic equation	$Q = a + bL - cL^2$	$Q = a + bL + cL^2 - dL^3$	$Q = aLb$	None of the above	2	

Unit 1 - Self Assessment Questions

Your last recorded submission was on 2022-01-08, 13:59 IST

Previous Score: 100%

Instructions:

Self Assessment Questions for Practice (Non-Graded)

Number of Questions: 10

Attempts: Multiple

1 point

The Importance of micro economics in the managerial economics does not include

- Theory of commodity pricing
- Theory of consumer surplus
- Theory of factor pricing
- Economics of welfare

Yes, the answer is correct.

Score: 1

Feedback:

Micro economics is generally identified as a narrow concept but when the mater of economic aspects comes. The importance of micro economics plays vital role

Accepted Answers:

Theory of consumer surplus

1 point

Out of following which is the nature of managerial economics

- It is essentially MICRO economics in nature
- It is pragmatic
- It is Normative
- All of the above

Yes, the answer is correct.

Score: 1

Feedback:

The nature of managerial economics is pragmatic, micro economics in nature, as well as normative. there are many more points too

Accepted Answers:

All of the above

1 point

Managerial economics and HR focuses on

- Planning for product demand
- Required skill availability
- Forecast the cash flow
- Pricing strategy and earning and profit

Yes, the answer is correct.

Score: 1

Feedback:

Managerial economics and human resources both plays vital role for economical growth of the industry as well as the country. And to reach at profit maximization there is always a need of skillful person. Here the required skill availability is a part of HR

Accepted Answers:

Required skill availability

1 point

Economic problem arise because of

- Abundant resources
- Resources are Scarce
- Inefficiency of authority
- Inefficient use of resources

Yes, the answer is correct.

Score: 1

Feedback:

Like every activity there is always a risk in any activity or performance. even economic problem also arise because of some issues like resources are scares

Accepted Answers:

Resources are Scarce

1 point

Which one is a quadratic equation?

- $Q = a+bL-cL^2$
- $Q = a+bL+cL^2-dL^3$
- $Q = aLb$
- $Q=2a+Lb$

Yes, the answer is correct.

Score: 1

Feedback:

For calculation of economical aspects quadratic equation is useful but it need some raw data for the final result

Accepted Answers:

$Q = a+bL+cL^2-dL^3$

1 point

Theory of factor pricing is a part of MACRO Economics

- True
- False

Yes, the answer is correct.

Score: 1

Feedback:

Theory of factor price is a part of micro economics and not the macro one

Accepted Answers:

False

1 point

Macroeconomic theories assume existence of a free enterprise economy

- True
- False

Yes, the answer is correct.

Score: 1

Feedback:

Macroeconomics theories are the theories related with the growth of economy either country wise or through out t he globe.

Accepted Answers:

False

1 point

Capital income include Royalties

- True
- False

Yes, the answer is correct.

Score: 1

Feedback:

Capital income include many things together out of which revenue is one. generally revenue is generated and be used by the organization for the next/upcoming project

Accepted Answers:

True

1 point

The managers have to optimize the output at the _____ and to earn more profit

- Average cost
- Highest cost
- Minimum cost
- Zero cost

Yes, the answer is correct.

Score: 1

Feedback:

The concept of cost analysis and output are interrelated terms. According to economical point of view profit is always identified as a key term

Accepted Answers:

Minimum cost

1 point

The subject matter of Macro Economics include the total economic units of an _____

- Scarcity
- Profit
- Economy
- Demand and Supply

Yes, the answer is correct.

Score: 1

Feedback:

Economic is either identified as business economics or managerial economics. But generally learning aspects are based on Micro and Macro economic concepts

Accepted Answers:

Economy

Check Answers and Submit

Your score is: 10/10

Unit 2 - Self Assessment Questions

Assignment not submitted

Instructions:

Self Assessment Questions for Practice (Non-Graded)

Number of Questions: 10

Attempts: Multiple

1 point

A flatter supply curve is

- Price elastic
- Unit price elastic
- None of these answers
- Price inelastic

Yes, the answer is correct.

Score: 1

Feedback:

A flatter supply curve is The supply curve is flat. The conventional upward slopping supply curve is known by every one from an economic student or a professional economist. The curve posits a positive relationship between price and quantity supplied- in order to increase the quantity supplied, a higher price must be offered

Accepted Answers:

None of these answers

1 point

Which of the following is not a property of indifference curve

- Indifference curves are downward slopping
- Indifference curves are bowed outward
- Indifference curves do not cross each other
- Higher indifference curves are preferred to lower ones

Yes, the answer is correct.

Score: 1

Feedback:

There is a wrong assumption that indifference curve don't cross each other. this is misconception actually there is an intersection of indifference curve

Accepted Answers:

Indifference curves do not cross each other

1 point

Goods which are used along with some other goods is known as

- Complementary goods
- Demand
- Giffen goods
- Law of demand

Yes, the answer is correct.

Score: 1

Feedback:

This aspect is based on the usage of goods by the customers and company's point of view. generally such types of goods which are used along with some other goods is known as complementary goods.

For example,

- 1) Mobile - Sim card*
- 2) Television- DTH services*
- 3) Bike- Petrol*

Accepted Answers:

Complementary goods

1 point

The value expressed in terms of money is a definition of

- Demand
- Aggregate demand
- Utility
- Price

Yes, the answer is correct.

Score: 1

Feedback:

In buying and selling activities of any goods or services we often identify the term called money in exchange of goods and services in the terms of economics and accounting standards it is generally known as price. and the factor price will be useful to generate revenue for the organization

Accepted Answers:

Price

1 point

What do you mean by utility?

- It is the quantity of goods produced
- The want satisfying quality of goods
- It is the quantity of goods supplied
- It uses some of the theories of macro economics

Yes, the answer is correct.

Score: 1

Feedback:

The term utility is always defined as the want satisfying the quality of goods

Accepted Answers:

The want satisfying quality of goods

1 point

Giffen goods is an exception to the law of demand

- True
- False

Yes, the answer is correct.

Score: 1

Feedback:

There are various types of goods. A Giffen good is considered to be an exception of law of demand. The unique feature of giffen good results in quantity demanded increasing when there is an increase in price. It's when consumers consume more of an inferior good when the price of the good rises, which is direct violation of the Law of demand

Accepted Answers:

True

1 point

Indirect demand are also known as producers demand

- True
- False

Yes, the answer is correct.

Score: 1

Feedback:

Indirect demand are definitely known as producers demand

Accepted Answers:

True

1 point

Cross demand refers to demand of superior goods

- True
- False

Yes, the answer is correct.

Score: 1

Feedback:

The cross demand does not refers to demand of superior goods. Cross demand refers to change in the quantity demanded of a good when the price of a related goo changes

Accepted Answers:

False

1 point

Diminishing marginal utility schedule total and _____ utility

- Total utility
- Average utility
- Marginal utility
- None of the above

Yes, the answer is correct.

Score: 1

Feedback:

The total and marginal utility is schedule for diminishing marginal utility

Accepted Answers:

Marginal utility

1 point

The price of diamond is more in exchange but it has _____ value in use.

- More

- Equal
- Less
- Constant

Yes, the answer is correct.

Score: 1

Feedback:

The factor called demand and supply always reflected by the factor called price and quantity

Accepted Answers:

Less

Check Answers and Submit

Your score is: 10/10

Unit 3 - Self Assessment Questions

Assignment not submitted

Instructions:

Self Assessment Questions for Practice (Non-Graded)

Number of Questions: 10

Attempts: Multiple

1 point

Continuity in consumption is prerequisite for:

- Law of diminishing marginal utilities
- Revealed preference
- Indifference curve analysis
- Marginal rate of substitution

Yes, the answer is correct.

Score: 1

Feedback:

An indifference curve is a graph that shows a combination of two goods that give a consumer equal satisfaction and utility, thereby making the consumer indifferent.

Accepted Answers:

Indifference curve analysis

1 point

Which one is not an indicator of barometric technique?

- Lagging indicator
- Leading indicator

- Coincidence indicator
- Smoothing indicator

Yes, the answer is correct.

Score: 1

Feedback:

The barometric method of forecasting is used by the meteorologists in weather forecasting. The weather conditions are forecasted on the basis of the movement of mercury in a barometer. Based on this logic, economists use economic indicators as a barometer to forecast the overall trend in the business activities.

Accepted Answers:

Smoothing indicator

1 point

Cross elasticity means?

- An increase or decrease in the income of a person
- A small change in the price of a product changes the demand of a product more
- High fall in price may increase the demand slightly or not at all
- When the price of a product increases, the demand for its close substitute will increase

Yes, the answer is correct.

Score: 1

Feedback:

The cross elasticity of demand is an economic concept that measures the responsiveness in the quantity demanded of one good when the price for another good changes.

Accepted Answers:

When the price of a product increases, the demand for its close substitute will increase

1 point

Which is a kind of expert opinion method for forecasting?

- Delphi method
- Consumer survey
- Opinion poll
- Trend projection

Yes, the answer is correct.

Score: 1

Feedback:

The Delphi method is a forecasting process framework based on the results of multiple rounds of questionnaires sent to a panel of experts. Several rounds of questionnaires are sent out to the group of experts, and the anonymous responses are aggregated and shared with the group after each round.

Accepted Answers:

Delphi method

1 point

When two good are used at the same time to fulfill the demand is known as

- Goods demanded
- Normal goods
- Complementary goods
- Repetitive goods

Yes, the answer is correct.

Score: 1

Feedback:

A complementary good is one used in conjunction with another good or service. Such a good may have little value without its complement.

Accepted Answers:

Complementary goods

1 point

$P_e = 1/2 * 20/10 = -1$, means the elasticity is more elastic

- True
- False

Yes, the answer is correct.

Score: 1

Feedback:

Elastic demand is the situation in which demand for a product or service is sensitive to price changes. Elastic demand is also referred to as the price elasticity of demand.

Accepted Answers:

True

1 point

Percentage method is not a method to measure elasticity of demand

- True
- False

Yes, the answer is correct.

Score: 1

Feedback:

According to the percentage method, elasticity is measured as the ratio of percentage change in the quantity supplied to percentage change in the price.

Accepted Answers:

False

1 point

Price elasticity can be stated in the form if changes in percentage

- True

False

Yes, the answer is correct.

Score: 1

Feedback:

Yes, price elasticity can be stated in the form of changes in percentage

Accepted Answers:

True

1 point

The law of demand gives only the direction of change in the quantity demanded of a commodity response to a change in _____

Product

Price

Place

Promotion

Yes, the answer is correct.

Score: 1

Feedback:

Law of demand says that as price increases, quantity demanded decreases and vice-versa

Accepted Answers:

Price

1 point

In arc elasticity P1 is known as _____

Original price

New price

Constant price

Change in price

Yes, the answer is correct.

Score: 1

Feedback:

The arc elasticity is the elasticity of one variable with respect to another between two given points. Arc elasticity of demand (arc PED) is the value of PED over a range of prices.

Accepted Answers:

Original price

Check Answers and Submit

Your score is: 10/10

Unit 4 - Self Assessment Questions

Assignment not submitted

Instructions:

Self Assessment Questions for Practice (Non-Graded)

Number of Questions: 10

Attempts: Multiple

1 point

Which of the following is an example of capital input?

- Money
- Shares of stock
- Long-term bonds
- A hammer

Yes, the answer is correct.

Score: 1

Feedback:

Capital input can also be called investment, or new investment. It is new money being invested in the business, not as loans or repayment of loans, but as money invested in ownership.

Accepted Answers:

Long-term bonds

1 point

Which of the following is an assumption associated with the definition of a production function?

- Technology remain constant
- Both inputs and outputs are measured in monetary units
- The function shows the maximum level of output possible with a given combination of inputs
- All units of the inputs are homogeneous

Yes, the answer is correct.

Score: 1

Feedback:

The production function shows the relationship between the quantity of output and the different quantities of inputs used in the production process. In other words, it means, the total output produced from the chosen quantity of various inputs.

Accepted Answers:

The function shows the maximum level of output possible with a given combination of inputs

1 point

The output elasticity of labor is

- Equal to one at the level of output where average product is at a maximum
- The percentage change in labor required to produce one more unit of output
- Equal to the ratio of total product to the quantity of labor employed

A measure of the percentage change in output that can result when the quantity of labor is held constant

Yes, the answer is correct.

Score: 1

Feedback:

Output elasticity measures the responsiveness of output to a change in levels of either labor or capital used in production.

Accepted Answers:

A measure of the percentage change in output that can result when the quantity of labor is held constant

1 point

The point of inflection on the total product curve corresponds to the level of output where,

- Stage II of production begins
- Average product is at a maximum
- Marginal product is at a maximum
- All of the above are correct

Yes, the answer is correct.

Score: 1

Feedback:

The Total Product Curve shows the productivity of one variable input, in this case labor, with all other inputs held constant. As long as one other input is fixed, the law of diminishing marginal returns will apply.

Accepted Answers:

Stage II of production begins

1 point

The law of demising returns

- Is reflected in the negative sloped portion of the marginal product curve
- Is the result of specialization and division of labor
- Applies in both the short run and the long run
- All of the above are correct

Yes, the answer is correct.

Score: 1

Feedback:

Diminishing returns, also called law of diminishing returns or principle of diminishing marginal productivity, economic law stating that if one input in the production of a commodity is increased while all other inputs are held fixed, a point will eventually be reached at which additions of the input yield progressively smaller, or diminishing, increases in output.

Accepted Answers:

Is reflected in the negative sloped portion of the marginal product curve

1 point

Production function specifies the output of a firm for all combinations of inputs

- True
 False

Yes, the answer is correct.

Score: 1

Feedback:

A production function relates physical output of a production process to physical inputs or factors of production. It is a mathematical function that relates the maximum amount of output that can be obtained from a given number of inputs – generally capital and labor.

Accepted Answers:

True

1 point

When very long term is to be considered we have to give due consideration to new, sophisticated and latest technology which has to be introduced and production function itself will changed

- True
 False

Yes, the answer is correct.

Score: 1

Feedback:

Long term demands changes in fixed inputs to cope up with the dynamic changes in the market. Changes in fixed inputs will upgrade the production, quality and fight competition in the market.

Accepted Answers:

True

1 point

The supply of toys is relatively elastic, which suggests that the factors of production used in producing toys can easily be switched between different uses.

- True
 False

Yes, the answer is correct.

Score: 1

Feedback:

Toys are made of plastic or other such materials which have different uses. In order to cope up with the loss that might be suffered due to elasticity of toys, the producers can go for other production of goods.

Accepted Answers:

True

1 point

Production function guides the _____ about budget constraint for increase in output

- Government
- Management
- Suppliers
- Advisory body

Yes, the answer is correct.

Score: 1

Feedback:

A production function specifies the maximum output that can be produced for a given amount of input. Alternatively, a production function shows the minimum quantity of input necessary to produce a given level of output.

Accepted Answers:

Management

1 point

_____ return to scale is caused by indivisibility of fixed factors which are of minimum size

- Increasing return
- Decreasing return
- Constant return
- None of the above

Yes, the answer is correct.

Score: 1

Feedback:

There are some factors of production which are purchase in some fixed quantity and cannot be divided into small pieces; such factors of production are described as indivisible factors

Accepted Answers:

Increasing return

Check Answers and Submit

Your score is: 10/10

Unit 5 - Self Assessment Questions

Assignment not submitted

Instructions:

Self Assessment Questions for Practice (Non-Graded)

Number of Questions: 10

Attempts: Multiple

1 point

Which of the following is a variable cost?

- Interest payment
- Raw material costs
- Property taxes
- All of the above

Yes, the answer is correct.

Score: 1

Feedback:

A variable cost is a corporate expense that changes in proportion to production output. Variable costs increase or decrease depending on a company's production volume; they rise as production increases and fall as production decreases.

Accepted Answers:

Raw material costs

1 point

If the output levels at which short-run marginal and average cost curves reach a minimum are listed in order from smallest to greatest, then the order would

- AVC, MC, ATC
- ATC, AVC, MC
- MC, AVC, ATC
- AVC, ATC, MC

Yes, the answer is correct.

Score: 1

Feedback:

MC curve cuts AVC curve from below and ATC curve is the total of Average Fixed Cost and Average Variable Cost, hence it is greater and above Average Variable Cost.

Accepted Answers:

MC, AVC, ATC

1 point

Learning curves represent the relationship between

- Average variable cost and the number of units produced per time period
- Average variable cost and the cumulative number of unit produced
- Total cost and technology
- Average variable cost and the rate of increase in technology

Yes, the answer is correct.

Score: 1

Feedback:

A learning curve is a concept that graphically depicts the relationship between the cost and output over a defined period of time, normally to represent the repetitive task of an employee or worker.

Accepted Answers:

Average variable cost and the number of units produced per time period

1 point

Short-run average variable cost is equal to

- The change in total cost divided by the change in output
- The change in total variable cost divided by the change in output
- The cost per unit of the variable input divided by the average product of the variable input
- All of the above

Yes, the answer is correct.

Score: 1

Feedback:

Average variable cost is calculated by dividing total variable cost VC by output Q. This gives us another definition of the short-run average variable cost. AVC equals ATC minus AFC because of which average variable cost curve is U-shaped.

Accepted Answers:

The change in total cost divided by the change in output

1 point

Total Cost is calculated as

- Marginal Cost + Variable Cost
- Fixed Cost + Variable Cost
- Opportunity Cost + Economic Cost
- None of the above

Yes, the answer is correct.

Score: 1

Feedback:

Total cost is the sum total of fixed cost and variable cost in an organization.

Accepted Answers:

Fixed Cost + Variable Cost

1 point

Explicit costs are those costs which are found in the book of accounts.

- True
- False

Yes, the answer is correct.

Score: 1

Feedback:

Explicit costs are out of pocket cost of the firm like rent, wages, salaries, etc and hence recorded in the books of accounts.

Accepted Answers:

True

1 point

Implicit costs involve any cash payment and do appear in the accounting system

- True
 False

Yes, the answer is correct.
Score: 1

Feedback:

An implicit cost is any cost that has already occurred but not necessarily shown or reported as a separate expense. It represents an opportunity cost that arises when a company uses internal resources toward a project without any explicit compensation for the utilization of resources.

Accepted Answers:
False

1 point

Variable cost are also known as prime cost

- True
 False

Yes, the answer is correct.
Score: 1

Feedback:

Prime cost is the direct cost incurred in the process of manufacturing a product and typically includes the direct production cost of goods including the raw material and direct labor costs.

Accepted Answers:
True

1 point

_____ is the cost paid by the firm for labor, material, plant, building, machinery, equipment, and transport etc.

- Actual cost
 Opportunity cost
 Implicit cost
 Explicit cost

Yes, the answer is correct.
Score: 1

Feedback:

Actual cost is the actual expenditure made to acquire an asset, which includes the supplier-invoiced expense, plus the costs to deliver, set up, and test the asset. This is the cost of an asset when it is initially recorded in the financial statements as a fixed asset.

Accepted Answers:
Actual cost

1 point

In the beginning marginal cost curve is _____

- Increasing

- Constant
- Declining
- None of the above

Yes, the answer is correct.

Score: 1

Feedback:

Initially when a firm increases its output, total costs, as well as variable costs, start to increase at a diminishing rate. At this stage, due to economies of scale and the Law of Diminishing Returns, Marginal Cost falls till it becomes minimum.

Accepted Answers:

Declining

Check Answers and Submit

Your score is: 10/10

Unit 6 - Self Assessment Questions

Assignment not submitted

Instructions:

Self Assessment Questions for Practice (Non-Graded)

Number of Questions: 10

Attempts: Multiple

1 point

The market supply curve shows

- The effect on market demand of a change in the supply of a good or service
- The quantity of a good that firms would offer for sale at different prices
- The quantity of a good that consumers would be willing to buy at different prices
- All of the above are correct

Yes, the answer is correct.

Score: 1

Feedback:

The market supply curve is an upward sloping curve depicting the positive relationship between price and quantity supplied. The market supply curve is derived by summing the quantity suppliers are willing to produce when the product can be sold for a given price.

Accepted Answers:

The quantity of a good that firms would offer for sale at different prices

1 point

During recession, economies experience increased unemployment and a reduced level of activity. How would a recession be likely to affect the market demand for new cars?

- Demand will shift to the right
- Demand will shift to the left
- Demand will not shift, but the quantity of cars sold per month will decrease
- Demand will not shift, but the quantity of cars sold per month will increase

Yes, the answer is correct.

Score: 1

Feedback:

During recessions, producers stand ready to produce investment goods, but since only few people for good reasons see the purchase of that profitable, these products aren't demanded.

Accepted Answers:

Demand will not shift, but the quantity of cars sold per month will increase

1 point

Unionized workers may be able to negotiate with management for higher during periods of economic prosperity. Suppose that workers at automobile assembly plants successfully negotiate a significant increase in their wage package. How would the new wage contract be likely to affect the market supply of new cars?

- Supply will shift to the right
- Supply will shift to the left
- Supply will not shift, but the quantity of cars produced per month will decrease
- Supply will not shift, but the quantity of cars produced per month will increase

Yes, the answer is correct.

Score: 1

Feedback:

Since the wages increases, the cost of production increases. As such supply will remain the same but the quantity produced will decrease.

Accepted Answers:

Supply will not shift, but the quantity of cars produced per month will decrease

1 point

If automobile manufacturers are producing cars faster than people want to buy them

- There is an excess supply and price can be expected decrease
- There is an excess supply and price can be expected to increase
- There is an excess demand and price can be expected decrease
- There is an excess demand and price can be expected to increase

Yes, the answer is correct.

Score: 1

Feedback:

When supply increases more than the quantity demanded, there will be cars left without sale. Hence it is likely that the price is reduced to push the sales.

Accepted Answers:

There is an excess supply and price can be expected decrease

1 point

Market equilibrium refers to a situation in which market price

- Is high enough to allow firms to earn a fair profit
- Is low enough for consumers to buy all that they want
- Is at a level where there is neither a shortage nor a surplus
- Is just above the intersection of the market supply and demand curves

Yes, the answer is correct.

Score: 1

Feedback:

Market equilibrium is a market state where the supply in the market is equal to the demand in the market. The equilibrium price is the price of a good or service when the supply of it is equal to the demand for it in the market.

Accepted Answers:

Is at a level where there is neither a shortage nor a surplus

1 point

Supply comes out of stock

- True
- False

Yes, the answer is correct.

Score: 1

Feedback:

Firms stock raw materials and release them by supplying in the market.

Accepted Answers:

True

1 point

Stock determine the potential purchase

- True
- False

Yes, the answer is correct.

Score: 1

Feedback:

The potential purchase of raw materials is determined by the current stock

Accepted Answers:

True

1 point

Stock is the outcome of production

- True

False

Yes, the answer is correct.

Score: 1

Feedback:

When firms do production, stock of finished goods are reserved which gets ready for supply in the market.

Accepted Answers:

True

1 point

_____ is a relative term and referred in relation to price and time

Demand

Supply

Purchase

Seeling

Yes, the answer is correct.

Score: 1

Feedback:

Demand changes with time and price. As time passes by consumer taste changes.

Accepted Answers:

Demand

1 point

Goals of the firm also affect the supply of goods and _____

Supply

Demand

Service

None of the above

Yes, the answer is correct.

Score: 1

Feedback:

Every firms goals are different. Based on the goals the supply of goods and services are planned.

Accepted Answers:

Service

Check Answers and Submit

Your score is: 10/10

Unit 7 - Self Assessment Questions

Assignment not submitted

Instructions:

Self Assessment Questions for Practice (Non-Graded)

Number of Questions: 10

Attempts: Multiple

1 point

Carolina Berries manufactures many varieties of jams and jellies. An increase in the price of their strawberry jam can be expected to

- Increase the demand for their strawberry jelly because the two are complements
- Increase the demand for their strawberry jelly because the two are substitutes
- Decrease the demand for their strawberry jelly because the two are complements
- Decrease the demand for their strawberry jelly because the two are substitutes

Yes, the answer is correct.

Score: 1

Feedback:

A complementary good is a good whose appeal increases with the popularity of its complement. Technically it displays a negative cross elastic of demand and that demand for it increases when the price of another good decreases.

Accepted Answers:

Increase the demand for their strawberry jelly because the two are complements

1 point

Which of the following is an example of price discrimination?

- It costs more to make a long-distance phone call during the day than it does late at night
- A ticket to the Zoo costs less for child than it does for an adult
- Regular gasoline costs less than premium gasoline
- All of the above are examples of price discrimination

Yes, the answer is correct.

Score: 1

Feedback:

Price discrimination is a selling strategy that charges customers different prices for the same product or service based on what the seller thinks they can get the customer to agree to.

Accepted Answers:

All of the above are examples of price discrimination

1 point

If there is no external market for an intermediate product, then the transfer price should be set equal to

- The marginal cost of producing the optimal quantity of the intermediate product
- The marginal cost of producing the final product

- The selling price of the final product
- None of the above is correct

Yes, the answer is correct.

Score: 1

Feedback:

Intermediate goods, producer goods or semi-finished products are goods, such as partly finished goods, used as inputs in the production of other goods including final goods. A firm may make and then use intermediate goods, or make and then sell, or buy then use them.

Accepted Answers:

The selling price of the final product

1 point

Setting a high price when a product is first introduced and then gradually lowering its price over time is referred to as

- Value pricing
- Market Skimming
- Price lining
- Prestige pricing

Yes, the answer is correct.

Score: 1

Feedback:

Market Skimming Pricing is a pricing approach in which the producer sets a high introductory price to attract buyers with a strong desire for the product and the resources to buy it, and then gradually reduces the price to attract the next and subsequent layers of the market.

Accepted Answers:

Market Skimming

1 point

A pricing practice that requires buyers to purchase packages of different goods and does not make the goods available separately called

- Value pricing
- Bundling
- Price lining
- Prestige pricing

Yes, the answer is correct.

Score: 1

Feedback:

Bundling is when companies package several of their products or services together as a single combined unit, often for a lower price than they would charge customers to buy each item separately.

Accepted Answers:

Bundling

1 point

Marginal cost is based on only variable cost

- True
 False

Yes, the answer is correct.

Score: 1

Feedback:

Marginal cost represents the incremental costs incurred when producing additional units of a good or service. Marginal costs are based on production expenses that are variable or direct – labor, materials, and equipment.

Accepted Answers:

True

1 point

The factors prices are cost and it has to be maximized in order to earn maximum profits

- True
 False

Yes, the answer is correct.

Score: 1

Feedback:

The factor prices needs to be reduced to further reduce cost of production leading to an increased profit.

Accepted Answers:

False

1 point

Marginal cost pricing is useful over the life cycle of the product

- True
 False

Yes, the answer is correct.

Score: 1

Feedback:

Marginal cost helps the producer in knowing the point at which marginal revenue equals marginal cost maximizes a company's profit.

Accepted Answers:

True

1 point

Cost-Benefit analysis aims at _____ of social wealth.

- Minimization

- Optimization
- Maximization
- None of the above

Yes, the answer is correct.

Score: 1

Feedback:

Cost–benefit analysis is an economic technique applied to public decision–making that attempts to quantify and compare the advantages (benefits) and disadvantages (costs) associated with a particular project or policy for society as a whole.

Accepted Answers:

Maximization

1 point

_____ cost concept helps in knowing the shut down point.

- Value pricing
- Marginal cost
- Price leadership
- None of the above

Yes, the answer is correct.

Score: 1

Feedback:

The shutdown point denotes the exact moment when a company's (marginal) revenue is equal to its variable (marginal) costs. In other words, it occurs when the marginal profit becomes negative.

Accepted Answers:

Marginal cost

Check Answers and Submit

Your score is: 10/10

Unit 8 - Self Assessment Questions

Assignment not submitted

Instructions:

Self Assessment Questions for Practice (Non-Graded)

Number of Questions: 10

Attempts: Multiple

1 point

If the market demand curve for a commodity has a negative slope then the market structure must be

- Perfect competition
- Monopoly
- Imperfect competition
- The market structure cannot be determined from the information given

Yes, the answer is correct.

Score: 1

Feedback:

Market demand curve has a negative slope because the two important variables price and quantity work in opposite direction. The consumer, therefore, will purchase more units of that commodity only if its price falls.

Accepted Answers:

The market structure cannot be determined from the information given

1 point

If a firm sells its output on a market that is characterized by a single seller and many buyers of a homogeneous product for which there are no close substitutes and barriers to long-run resource mobility, then the firm is

- A monopolist
- An oligopolistic
- A perfect competition
- A monopolistic competition

Yes, the answer is correct.

Score: 1

Feedback:

A monopolist is an individual, group, or company that controls all of the market for a particular good or service. A monopolist probably also believes in policies that favor monopolies since it gives them greater power. A monopolist has little incentive to improve their product because customers have no alternatives.

Accepted Answers:

A monopolist

1 point

If one perfectly competitive firm increase its level of output, market supply

- Will increase and market price will fall
- Will increase and market price will rise
- And market price will both remain constant
- Will decrease and market price will rise

Yes, the answer is correct.

Score: 1

Feedback:

In a perfectly competitive market, the market is at equilibrium when demand and supply are equal. Hence if supply exceeds, there will be excess which will lead to reduction in price.

Accepted Answers:

Will increase and market price will fall

1 point

Which one of the following markets comes close to satisfying the assumptions of a perfectly competitive market structure

- The stock market
- The market for agricultural commodities such as wheat or corn
- The market for petroleum and natural gas
- All of the above come close to satisfying assumption of perfect competition

Yes, the answer is correct.

Score: 1

Feedback:

In reality there is no such market where perfect competition is evident. Only in the stock market the features of a perfectly competitive market can be seen.

Accepted Answers:

The stock market

1 point

The market demand curve for a perfectly competitive industry is $QD=12-2P$. The market supply curve is $QS=3+P$. The market will be in equilibrium if

- $P=6$ & $Q=9$
- $P=5$ & $Q=2$
- $P=4$ & $Q=4$
- $P=3$ & $Q=6$

Yes, the answer is correct.

Score: 1

Feedback:

The firm's demand curve is a straight horizontal line at the market price. This is because firms in a perfectly competitive market are price-takers! In other words, whatever the market price happens to be, that's what they'll sell at. The market demand curve is a downward-sloping curve.

Accepted Answers:

$P=3$ & $Q=6$

1 point

Maximization of profit is an objective of the firm

- True

False

Yes, the answer is correct.

Score: 1

Feedback:

The main objective because of which a firm comes into existence is to maximize its profit.

Accepted Answers:

True

1 point

Equilibrium refers to a state of market in which the quantity demanded of a commodity is not equals to the quantity supplied of the commodity

True

False

Yes, the answer is correct.

Score: 1

Feedback:

Equilibrium is achieved at the price at which quantities demanded and supplied are equal. We can represent a market in equilibrium in a graph by showing the combined price and quantity at which the supply and demand curves intersect.

Accepted Answers:

False

1 point

Equilibrium means state of rest

True

False

Yes, the answer is correct.

Score: 1

Feedback:

At equilibrium there is neither excess demand nor excess supply. Hence the firm should not think of producing more.

Accepted Answers:

True

1 point

In _____ the price at which the quantity demanded by consumers of a product, is equal to the quantity supplied by sellers of a product

Monopoly

Equilibrium price

Normal profit

Shut down point

Yes, the answer is correct.

Score: 1

Feedback:

The equilibrium price is the market price where the quantity of goods supplied is equal to the quantity of goods demanded. This is the point at which the demand and supply curves in the market intersect.

Accepted Answers:

Equilibrium price

1 point

In _____ there is a existence of one firm only

- Monopoly
- Equilibrium price
- Normal profit
- Shut down point

Yes, the answer is correct.

Score: 1

Feedback:

In a monopoly market, the seller faces no competition, as he is the sole seller of goods with no close substitute.

Accepted Answers:

Monopoly

Check Answers and Submit

Your score is: 10/10

Unit 9 - Self Assessment Questions

Assignment not submitted

Instructions:

Self Assessment Questions for Practice (Non-Graded)

Number of Questions: 10

Attempts: Multiple

1 point

Carolina Berries manufactures many varieties of jams and jellies. An increase in the price of their strawberry jam can be expected to

- Increase the demand for their strawberry jelly because the two are complements
- Increase the demand for their strawberry jelly because the two are substitutes
- Decrease the demand for their strawberry jelly because the two are complements
- Decrease the demand for their strawberry jelly because the two are substitutes

Yes, the answer is correct.

Score: 1

Feedback:

A complementary good is a good whose use is related to the use of an associated or paired good.

Accepted Answers:

Increase the demand for their strawberry jelly because the two are complements

1 point

Lcarus medical suppliers produce patented adhesives that are used to reassemble broken bones. Pindrop medical products manufacture patented pins that are also used to reassemble broken bones. Both of these imperfectly competitive firms are maximizing profit. If Lcarus merges with Pindrop, then the merged firm will maximize profits if it

- Decrease the prices of pins and adhesives
- Does not change the process of pins and adhesives
- Increase the price of pins and adhesives
- Change the process of pins and adhesives

Yes, the answer is correct.

Score: 1

Feedback:

Imperfect competition is a competitive market situation where there are many sellers, but they are selling heterogeneous (dissimilar) goods as opposed to the perfect competitive market scenario.

Accepted Answers:

Increase the price of pins and adhesives

1 point

A single-plant, multi-product firm will introduce additional products

- In order of diminishing price elasticity's of demand
- Until the marginal revenue from the last product introduced is equal to zero
- Until 100% of unused plant capacity is employed
- In order of income price elasticity's of demand

Yes, the answer is correct.

Score: 1

Feedback:

The Law of Diminishing Demand Elasticity is important because it determines precisely how much the marginal revenue curves will shift as quantity (global income) varies.

Accepted Answers:

In order of diminishing price elasticity's of demand

1 point

Which of the following is an example of price discrimination?

- It costs more to make a long-distance phone call during the day than it does at late night

- A ticket to the Zoo costs less for child than it does for an adult
- Regular gasoline costs less than premium gasoline
- All of the above are examples of price discrimination

Yes, the answer is correct.

Score: 1

Feedback:

Price discrimination is a selling strategy that charges customers different prices for the same product or service based on what the seller thinks they can get the customer to agree to.

Accepted Answers:

All of the above are examples of price discrimination

1 point

A firm will realize the highest level of profit if it is able to engage in

- First-degree price discrimination
- Second-degree price discrimination
- Third-degree price discrimination
- The answer cannot be determined without additional information

Yes, the answer is correct.

Score: 1

Feedback:

First-degree discrimination, or perfect price discrimination, occurs when a business charges the maximum possible price for each unit consumed.

Accepted Answers:

First-degree price discrimination

1 point

Generally profit means the net income of a businessman

- True
- False

Yes, the answer is correct.

Score: 1

Feedback:

Profit means excess of revenue over cost in a business.

Accepted Answers:

True

1 point

The profitability has been affected by only internal factors

- True
- False

Yes, the answer is correct.

Score: 1

Feedback:

Profitability is affected both by internal and external factors.

Accepted Answers:

False

1 point

Monopoly is a kind of profit

True

False

Yes, the answer is correct.

Score: 1

Feedback:

Monopoly profit occurs when a firm restricts output so as to prevent prices from falling to the level of costs.

Accepted Answers:

True

1 point

Profit means _____ of a businessman

Gross income

Net income

Break even margin

Balance earned

Yes, the answer is correct.

Score: 1

Feedback:

Profit describes the financial benefit realized when revenue generated from a business activity exceeds the expenses, costs, and taxes involved in sustaining the activity in question.

Accepted Answers:

Net income

1 point

For accountant profit means excess of reenuve over paid cash including manufacturing cost and _____

Profit

Overheads

Allowable expenses

Opportunity cost

Yes, the answer is correct.

Score: 1

Feedback:

Profit is the main objective for every business and Accountant.

Accepted Answers:

Profit

Check Answers and Submit

Your score is: 10/10

Unit 10 - Self Assessment Questions

Assignment not submitted

Instructions:

Self Assessment Questions for Practice (Non-Graded)

Number of Questions: 10

Attempts: Multiple

1 point

Physical policy is also known as

- Monetary policy
- Direct controls
- Fiscal policy
- Stabilization policy

Yes, the answer is correct.

Score: 1

Feedback:

Direct control is a control that is directly imposed upon the manufacturing, pricing, and distribution of specific goods in contrast with an indirect or general control (such as a credit and fiscal policy) that affects the economy in its entirety and specific goods only indirectly.

Accepted Answers:

Direct controls

1 point

It is a general rise in price in the economy

- Monetary policy
- Inflation
- Reserve ratio
- Fiscal policy

Yes, the answer is correct.

Score: 1

Feedback:

Inflation is a quantitative measure of the rate at which the average price level of a basket of selected goods and services in an economy increases over a period of time.

Accepted Answers:

Inflation

1 point

It is a set of guide line for the government's revenue, and its spending;

- Monetary policy
- Inflation
- Reserve ratio
- Fiscal policy

Yes, the answer is correct.

Score: 1

Feedback:

Fiscal policy is the use of government revenue collection and expenditure (spending) to influence a country's economy.

Accepted Answers:

Fiscal policy

1 point

This is a rate changed by the central bank from the commercial bank when the banks rediscount eligible commercial papers

- Open market
- Fiscal policy
- Bank rate
- None of the above

Yes, the answer is correct.

Score: 1

Feedback:

A bank rate is the interest rate at which a nation's central bank lends money to domestic banks, often in the form of very short-term loans.

Accepted Answers:

Bank rate

1 point

A situation when business faces downfalls, slowdown in economic activity.

- Monetary policy
- Open market

- Depression
- Fiscal policy

Yes, the answer is correct.

Score: 1

Feedback:

A depression is a sustained, long-term downturn in economic activity in one or more economies. It is a more severe economic downturn than a recession, which is a slowdown in economic activity over the course of a normal business cycle.

Accepted Answers:

Depression

1 point

Keynesians believe that active fiscal interventionism to 'fine tune' the economy would create more problems than it would solve.

- True
- False

Yes, the answer is correct.

Score: 1

Feedback:

Fiscal policy is a type of economical intervention where the government injects its policies into an economy in order to either expand the economy growth or to contract it.

Accepted Answers:

False

1 point

In equilibrium, the surplus on the balance of payments current account is equal to the private sector surplus plus the public sector surplus.

- True
- False

Yes, the answer is correct.

Score: 1

Feedback:

Equilibrium is that state of the balance of payments over the relevant time period which makes it possible to sustain an open economy without severe unemployment on a continuing basis.

Accepted Answers:

True

1 point

Repo rate is the rate at which commercial banks borrow money from the Reserve bank.

- True
- False

Yes, the answer is correct.

Score: 1

Feedback:

Repo rate is the rate at which the central bank of a country (Reserve Bank of India in case of India) lends money to commercial banks in the event of any shortfall of funds. Repo rate is used by monetary authorities to control inflation.

Accepted Answers:

True

1 point

The political constraints on policy-making have, to some extent, been eased by the granting of independence to the Bank of England in 1997

- Saving
- Rate of interest
- Marginal efficiency of capital
- Consumption question

Yes, the answer is correct.

Score: 1

Targeted Feedback:

- *Your answer is correct!*

Feedback:

Consumption is the using of goods and services in an economy, or the amount of goods and services used.

Accepted Answers:

Consumption question

1 point

_____ deals with the total money supply and its management in an economy

- Fiscal policy
- Direct controls
- Monetary policy
- Stabilization policy

Yes, the answer is correct.

Score: 1

Feedback:

*Monetary policy involves management of **money** supply and interest rate and is the demand side economic **policy** used by the government of a country to achieve macroeconomic objectives like inflation, consumption, growth and liquidity.*

Accepted Answers:

Monetary policy

Check Answers and Submit

Your score is: 10/10

Unit 11 - Self Assessment Questions

Assignment not submitted

Instructions:

Self Assessment Questions for Practice (Non-Graded)

Number of Questions: 10

Attempts: Multiple

1 point

The total population of an economy is 175 million, the labor force is 125 million, and the number of unemployed is 8 million. The unemployment rate for this economy is:

- 4.6 percentage
- 5.8 percentage
- 6.4 percentage
- 7.8 percentage

Yes, the answer is correct.

Score: 1

Feedback:

The unemployment rate is the share of the labor force that is jobless, expressed as a percentage. It is a lagging indicator, meaning that it generally rises or falls in the wake of changing economic conditions, rather than anticipating them.

Accepted Answers:

5.8 percentage

1 point

The unemployment is subject to criticism due to:

- Per unit production cost
- Hyper inflation
- Consumer price index
- None of the above

Yes, the answer is correct.

Score: 1

Feedback:

The Consumer Price Index (CPI) is a measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food, and medical care.

Accepted Answers:

Consumer price index

1 point

The percentage change in one's real income can be approximated by

- Dividing real income by the price level, expressed as an index number
- Dividing the price level, expressed as an index number, by nominal income
- The % change in price level minus the % change in nominal income
- The % change in nominal income minus the % change in the price level

Yes, the answer is correct.

Score: 1

Feedback:

Real income is income of individuals or nations after adjusting for inflation. It is calculated by dividing nominal income by the price level.

Accepted Answers:

The % change in nominal income minus the % change in the price level

1 point

The price level has doubled in 35 years. The approximate annual percentage rate of increase in the price level over this period has been:

- 50 percentage
- 20 percentage
- 5 percentage
- 2 percentage

Yes, the answer is correct.

Score: 1

Feedback:

A price level is the average of current prices across the entire spectrum of goods and services produced in the economy. In more general terms, price level refers to the price or cost of a good, service, or security in the economy.

Accepted Answers:

20 percentage

1 point

The main measurement of inflation is:

- Part time employment and discouraged workers
- The unemployment is subject to criticism
- Unemployment that is caused by a decline in total spending
- The unemployment rate

Yes, the answer is correct.

Score: 1

Feedback:

Inflation is a sustained increase in the general price level of goods and services in an economy over a period of time.

Accepted Answers:

Unemployment that is caused by a decline in total spending

1 point

When the economy is fully employed, frictional unemployment equals zero.

- True
 False

Yes, the answer is correct.

Score: 1

Feedback:

Frictional unemployment is when workers are jobless and looking for work in a healthy economy. It doesn't matter if they leave voluntarily or are fired.

Accepted Answers:

False

1 point

The natural rate of unemployment results when cyclical unemployment is equal to zero.

- True
 False

Yes, the answer is correct.

Score: 1

Feedback:

Cyclical unemployment is unemployment that results when the overall demand for goods and services in an economy cannot support full employment.

Accepted Answers:

True

1 point

Demand-pull inflation may be caused by too much money chasing too few goods.

- True
 False

Yes, the answer is correct.

Score: 1

Feedback:

Demand-pull inflation exists when aggregate demand for a good or service outstrips aggregate supply. It starts with an increase in consumer demand.

Accepted Answers:

True

1 point

When buyers' spending to purchase goods and services outruns sellers' capacities to supply them, thus forcing up prices on what is available, _____ occurs

- Supply-side inflation

- Monetary inflation
- Demand-pull inflation
- Cost-pull inflation

Yes, the answer is correct.

Score: 1

Feedback:

Demand-pull inflation exists when aggregate demand for a good or service outstrips aggregate supply. It starts with an increase in consumer demand.

Accepted Answers:

Demand-pull inflation

1 point

Recurrent expansions and contractions of economic activity that take place over several years refers to _____

- Understate the actual amount of unemployment
- Overstate the actual amount of unemployment
- Properly estimate the actual amount of unemployment
- None of the above

Yes, the answer is correct.

Score: 1

Feedback:

The business cycle refers to recurring patterns of expansion and contraction in an economy. It is also called the economic cycle. ... According to this cycle, economic activity expands until it reaches a peak, then it contracts until it reaches a trough, and then it begins to expand again.

Accepted Answers:

Understate the actual amount of unemployment

Check Answers and Submit

Your score is: 10/10

Unit 12 - Self Assessment Questions

Assignment not submitted

Instructions:

Self Assessment Questions for Practice (Non-Graded)

Number of Questions: 10

Attempts: Multiple

1 point

Which of the following is a disadvantage of cost benefit analysis

- It does not consider the time value of money
- It is too complex to implement
- Different projects cannot be easily compared
- Not all costs and benefits can easily be assigned monetary values

Yes, the answer is correct.

Score: 1

Feedback:

A cost benefit analysis requires that all costs and benefits be identified and appropriately quantified.

Accepted Answers:

Not all costs and benefits can easily be assigned monetary values

1 point

Which costs are excluded from cost-benefit analysis?

- Relevant costs
- Opportunity costs
- Sunk costs
- Unimportant costs

Yes, the answer is correct.

Score: 1

Feedback:

Sunk costs should not be considered when making the decision to continue investing in an ongoing project, since these costs cannot be recovered.

Accepted Answers:

Sunk costs

1 point

What is the principle behind time value of money?

- Cash in and cash out
- Money tomorrow is worth more than money today
- Money today is worth more than money tomorrow
- Projects with more risk have a lower discount rate

Yes, the answer is correct.

Score: 1

Feedback:

The time value of money (TVM) is the concept that money available at the present time is worth more than the identical sum in the future due to its potential earning capacity.

Accepted Answers:

Money today is worth more than money tomorrow

1 point

It is used to assess the benefits and the cost of proposal and decide whether to undertake the projects

- Cost benefit analysis
- Private cost benefit analysis
- Social cost benefit analysis
- Social cost

Yes, the answer is correct.

Score: 1

Feedback:

A cost-benefit analysis is a process businesses use to analyze decisions. The business or analyst sums the benefits of a situation or action and then subtracts the costs associated with taking that action.

Accepted Answers:

Cost benefit analysis

1 point

Here the analysis of the cost and the benefit accrue to the investor. Here maximum profit is the main consideration

- Cost benefit analysis
- Private cost benefit analysis
- Social cost benefit analysis
- Social cost

Yes, the answer is correct.

Score: 1

Feedback:

Private costs to firms or individuals do not always equate with the total cost to society for a product, service, or activity.

Accepted Answers:

Private cost benefit analysis

1 point

Cost benefit analysis aims to maximize social welfare

- True
- False

Yes, the answer is correct.

Score: 1

Feedback:

Cost benefit analysis studies the problems that might come up on an action taken by a business.

Accepted Answers:

True

1 point

Cost benefit analysis is measured by accounting standards and norms

- True
 False

Yes, the answer is correct.

Score: 1

Feedback:

Cost benefit analysis is a process used primarily by businesses that weighs the sum of the benefits, such as financial gain, of an action against the negatives, or costs, of that action.

Accepted Answers:

True

1 point

By cost benefit analysis we can show the various measures necessary for attaining maximum net wealth and optimal policy aiming at goals

- True
 False

Yes, the answer is correct.

Score: 1

Feedback:

CBA is an easy tool to determine which potential decision would make the most financial sense for the business or individual.

Accepted Answers:

True

1 point

_____ is used to assess the benefits and cost of proposal and decide whether to undertake the project

- Private cost benefit analysis
 Social cost benefit analysis
 Cost benefit analysis
 Governmental cost benefit analysis

Yes, the answer is correct.

Score: 1

Feedback:

A cost benefit analysis (also known as a benefit cost analysis) is a process by which organizations can analyze decisions, systems or projects, or determine a value for intangibles.

Accepted Answers:

Cost benefit analysis

1 point

In _____, the analysis of cost and the benefits accrue to the investors. Here maximum profit is the main consideration

- Private cost benefit analysis;
- Social cost benefit analysis;
- Cost benefit analysis;
- Governmental cost benefit analysis;

Yes, the answer is correct.

Score: 1

Feedback:

The Private Cost is the cost related to the working of the firm and is used in the cost-benefit analysis of the business decisions.

Accepted Answers:

Private cost benefit analysis;

Check Answers and Submit

Your score is: 10/10

Unit 13 - Self Assessment Questions

Assignment not submitted

Instructions:

Self Assessment Questions for Practice (Non-Graded)

Number of Questions: 10

Attempts: Multiple

1 point

All of the following influence capital budgeting cash flows EXCEPT:

- Accelerated depreciation
- Salvage value
- Tax rate changes
- Method of project financing used

Yes, the answer is correct.

Score: 1

Feedback:

Salvage value is the estimated book value of an asset after depreciation is complete, based on what a company expects to receive in exchange for the asset at the end of its useful life.

Accepted Answers:

Salvage value

1 point

The estimated benefits from a project are expressed as cash flows instead of income flows because:

- It is simpler to calculate cash flows than income flows
- It is cash, not accounting income, that is central to the firm's capital budgeting decision
- This is required by the internal revenue service
- This is required by the securities and exchange commission

Yes, the answer is correct.

Score: 1

Feedback:

Cash flow is the net amount of cash and cash-equivalents being transferred into and out of a business.

Accepted Answers:

It is cash, not accounting income, that is central to the firm's capital budgeting decision

1 point

A capital investment is one that

- Has to prospect of long-term benefits
- Has to prospect of short-term benefits
- Is only to undertaken by large corporations
- Applies only to investment in fixed assets

Yes, the answer is correct.

Score: 1

Feedback:

Capital investment is a sum of money provided to a company to further its business objectives. The term also can refer to a company's acquisition of long-term assets such as real estate, manufacturing plants, and machinery.

Accepted Answers:

Has to prospect of long-term benefits

1 point

In general, if a depreciable asset used in business is sold for more than its depreciated book value, any amount realized in excess of book value but less than the assets' depreciable basis is considered a

- "capital gain" and is taxed at the corporate capital gains tax
- "recapture of depreciation" and it taxed at the corporate capital gains tax
- "recapture of depreciation" and is taxed at the firm's ordinary income tax rate
- "capital gain" and is taxed at a rate equal to the firm's ordinary income tax rate, or a maximum of 35 percent

Yes, the answer is correct.

Score: 1

Feedback:

Capital gain is a rise in the value of a capital asset (investment or real estate) that gives it a higher worth than the purchase price. The gain is not realized until the asset is sold.

Accepted Answers:

“capital gain” and is taxed at a rate equal to the firm’s ordinary income tax rate, or a maximum of 35 percent

1 point

A profitability index of .85 for a project means that:

- The present value of benefit is 85% greater than the project’s cost
- The project’s NPV is greater than zero
- The project return 85 cents in present value for each current dollar invested
- The payback period is less than one year

Yes, the answer is correct.

Score: 1

Accepted Answers:

The project return 85 cents in present value for each current dollar invested

1 point

Pay back period is the time duration required to recover the initial cash flows

- True
- False

Yes, the answer is correct.

Score: 1

Feedback:

The Payback Period method is simply used to calculate the time required to earn back the cost incurred in the investments through the successive cash inflows.

Accepted Answers:

True

1 point

Payback method also ignores time value of money

- True
- False

Yes, the answer is correct.

Score: 1

Feedback:

The payback period refers to the amount of time it takes to recover the cost of an investment. The desirability of an investment is directly related to its payback period. Shorter paybacks mean more attractive investments.

Accepted Answers:

True

1 point

Capital budgeting involves a big out flows of funds in future for some period

- True
- False

Yes, the answer is correct.

Score: 1

Feedback:

Capital budgeting is the process that a business uses to determine which proposed fixed asset purchases it should accept, and which should be declined. This process is used to create a quantitative view of each proposed fixed asset investment.

Accepted Answers:

True

1 point

Projects with _____ are preferred

- Lower payback period
- Normal payback period
- Higher payback period
- Any of the above

Yes, the answer is correct.

Score: 1

Feedback:

The payback period is the cost of the investment divided by the annual cash flow. The shorter the payback, the more desirable the investment.

Accepted Answers:

Lower payback period

1 point

_____ on capital is called 'Cost of capital'.

- Lower expected return
- Normally expected return
- Higher expected return
- None of the above

Yes, the answer is correct.

Score: 1

Feedback:

Cost of capital refers to the opportunity cost of making a specific investment. It is the rate of return that could have been earned by putting the same money into a different investment with equal risk.

Accepted Answers:

Normally expected return

Check Answers and Submit

Your score is: 10/10

Unit 14 - Self Assessment Questions

Assignment not submitted

Instructions:

Self Assessment Questions for Practice (Non-Graded)

Number of Questions: 10

Attempts: Multiple

1 point

Gross National Product equals:

- Net National Product adjusted for inflation
- Gross Domestic Product adjusted for inflation
- Gross Domestic Product plus net property income from abroad
- Net National Product plus net property income from abroad

Yes, the answer is correct.

Score: 1

Feedback:

Gross national product (GNP) is a broad measure of a nation's total economic activity. GNP is the value of all finished goods and services produced in a country in one year by its nationals.

Accepted Answers:

Gross Domestic Product plus net property income from abroad

1 point

Net National Product equals:

- Gross National Product adjusted for inflation
- Gross Domestic Product adjusted for inflation
- Gross Domestic Product plus net property income from
- Gross National Product minus depreciation

Yes, the answer is correct.

Score: 1

Feedback:

Net national product (NNP) is the monetary value of finished goods and services produced by a country's citizens, overseas and domestically, in a given period.

Accepted Answers:

Gross National Product minus depreciation

1 point

The standard of living is often measured by:

- Real GDP per capita
- Real GDP
- Real GDP * population
- Real GDP plus depreciation

Yes, the answer is correct.

Score: 1

Feedback:

Real GDP per capita is a measurement of the total economic output of a country divided by the number of people and adjusted for inflation. It's used to compare the standard of living between countries and over time.

Accepted Answers:

Real GDP per capita

1 point

Real national income measures:

- Nominal national income adjusted for population change
- Nominal national income adjusted for unemployment
- Nominal national income adjusted for inflation
- Nominal national income adjusted for exchange rates

Yes, the answer is correct.

Score: 1

Feedback:

Real national income is nominal or money national income (output) adjusted for inflation. It is also national income at 'at constant prices. The most frequently used measure of national income is Gross Domestic Product (GDP).

Accepted Answers:

Nominal national income adjusted for inflation

1 point

Which of the following statements is true about the circular flow?

- Output is greater than income
- Income is more than expenditure
- Output is less than expenditure
- Output equals income equals expenditure

Yes, the answer is correct.

Score: 1

Feedback:

Circular flow is a model of the economy in which the major exchanges are represented as flows of money, goods and services, etc. between economic agents.

Accepted Answers:

Output is greater than income

1 point

National income is a flow and not a stock

- True
- False

Yes, the answer is correct.

Score: 1

Feedback:

National income means the total value of goods and services produced annually in a country. The formula for calculating net national income is: $NNI = C + I + G + NX + NFF - IT - D$.

Accepted Answers:

True

1 point

GDP is the book value of all final goods and services under the production unit

- True
- False

Yes, the answer is correct.

Score: 1

Feedback:

Gross Domestic Product (GDP) is the monetary value of all finished goods and services made within a country during a specific period. GDP can be calculated in three ways, using expenditures, production, or incomes.

Accepted Answers:

False

1 point

National income in real terms is the flow of goods and services produced during a particular period of time

- True
 False

Yes, the answer is correct.

Score: 1

Feedback:

The **National Income** is the total amount of **income** accruing to a country from economic activities in a year's time. It includes payments made to all resources either in the form of wages, interest, rent, and profits.

Accepted Answers:

True

1 point

Output means _____ unless stated otherwise

- Gross output at MP
 Net output at MP
 Gross output at FC
 Net output at FC

Yes, the answer is correct.

Score: 1

Feedback:

GDP (gross domestic product) at market price = value of output in an economy in the particular year – intermediate consumption at factor cost

Accepted Answers:

Gross output at MP

1 point

_____ of the following is not a component of domestic income

- Operating surplus
 Compensation of employees
 Net factor income from abroad

Mixed income

Yes, the answer is correct.

Score: 1

Feedback:

*The Gross **Domestic Income** (GDI) is the total **income** received by all sectors of an economy within a state. It includes the sum of all wages, profits, and taxes, minus subsidies.*

Accepted Answers:

Net factor income from abroad

Check Answers and Submit

Your score is: 10/10

Unit 15 - Self Assessment Questions

Assignment not submitted

Instructions:

Self Assessment Questions for Practice (Non-Graded)

Number of Questions: 10

Attempts: Multiple

1 point

Which of the following is a variable cost?

- Interest payments
- Raw material costs
- Property taxes
- All of the above

Yes, the answer is correct.

Score: 1

Feedback:

A variable cost is a corporate expense that changes in proportion to production output. Variable costs increase or decrease depending on a company's production volume; they rise as production increases and fall as production decreases.

Accepted Answers:

All of the above

1 point

Which of the following is an implicit cost?

- The salary earned by a corporate executive
- Depreciation in the value of a company owned cars as it wears out
- Property taxes
- All of the above

Yes, the answer is correct.

Score: 1

Feedback:

An implicit cost is any cost that has already occurred but not necessarily shown or reported as a separate expense. It represents an opportunity cost that arises when a company uses internal resources toward a project without any explicit compensation for the utilization of resources.

Accepted Answers:

Depreciation in the value of a company owned cars as it wears out

1 point

Learning curves represent the relationship between

- Average variable cost and the number of units produced
- Average variable cost and the cumulative number of units produced
- Total cost and technology
- Average variable cost and the rate of increase in technology

Yes, the answer is correct.

Score: 1

Feedback:

The learning curve shows that if a task is performed over and over than less time will be required at each iteration. This curve is very important in cost analysis, cost estimation and efficiency studies.

Accepted Answers:

Average variable cost and the number of units produced

1 point

Short run marginal cost is equal to

- The change in total cost divided by the change in output
- The change in total variable cost divided by change in output
- The cost per unit of the variable input / marginal product of the variable input
- All of the above

Yes, the answer is correct.

Score: 1

Feedback:

Short-run marginal cost is an economic concept that describes the cost of producing a small amount of additional units of a good or service. Marginal cost is a key concept for making businesses function well, since marginal costs determine how much production is optimal.

Accepted Answers:

The cost per unit of the variable input / marginal product of the variable input

1 point

Which of the following short run cost declines continuously?

- Average total cost
- Marginal cost
- Average fixed cost
- Average variable cost

Yes, the answer is correct.

Score: 1

Feedback:

The short-run cost includes both the fixed cost (that do not change with the change in the level of output) and variable cost (that varies with the variations in the level of output). Some factors remain fixed due to the time constraints imposed on a company.

Accepted Answers:

Average fixed cost

1 point

International trade is useful in the theory of distribution including different shares of the factor of production

- True
- False

Yes, the answer is correct.

Score: 1

Feedback:

International trade is the exchange of capital, goods, and services across international borders or territories. In most countries, such trade represents a significant share of gross domestic product (GDP).

Accepted Answers:

True

1 point

Percentage method is not a method to measure elasticity of demand

- True
- False

Yes, the answer is correct.

Score: 1

Feedback:

The elasticity of demand is an economic principle that measures the extent of consumer response to changes in quantity demanded as a result of a price change, as long as all other factors are equal.

Accepted Answers:

False

1 point

Production function specifies the output of a firm for all combinations of inputs

- True
- False

Yes, the answer is correct.

Score: 1

Feedback:

Production function refers to the physical output of a production process to physical inputs or factors of production. It is a mathematical function that relates the maximum amount of output that can be obtained from a given number of inputs – generally capital and labor.

Accepted Answers:

True

1 point

Economics is applied in _____

- Entrepreneurship
- Decision making
- Government tax
- None of the above

Yes, the answer is correct.

Score: 1

Feedback:

Economics is a social science concerned with the production, distribution, and consumption of goods and services. It studies how individuals, businesses, governments, and nations make choices on allocating resources to satisfy their wants and needs.

Accepted Answers:

Decision making

1 point

To study relations in order to maintain _____ and efficiency of labour by giving incentives and motivate them.

- Productivity
- Performance
- Profit
- Punctuality

Yes, the answer is correct.

Score: 1

Feedback:

Productivity is a measure of the efficiency of a person, machine, factory, system, etc., in converting inputs into useful outputs. It is computed by dividing average output per period by the total costs incurred or resources (capital, energy, material, personnel) consumed in that period.

Accepted Answers:

Productivity

Check Answers and Submit

Your score is: 10/10