

# SEMESTER 1 EXAMINATION

## ECONOMICS

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*Maximum Marks: 40*

*Time Allowed: One Hour*

*You will not be allowed to write during the first 10 minutes.*

*This time is to be spent in reading the question paper.*

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### ALL QUESTIONS ARE COMPULSORY

The marks intended for the questions are given in brackets [ ]

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***Select the correct option for each of the following questions.***

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#### Question 1:

“If a labourer does not work for a day, his labour for that one day’s work will be lost forever.” Which characteristic of a labour is expressed in this statement?

- (a) Labour is mobile
- (b) Labour is an active factor
- (c) Labour is perishable
- (d) Labour supply varies over time

Answer: \_\_\_\_\_

#### Question 2:

Which of the following market types has a large number of firms that sell similar but slightly different products?

- (a) Perfect Competition
- (b) Oligopoly
- (c) Monopolistic Competition
- (d) Monopoly

Answer: \_\_\_\_\_

### Question 3:

The system of direct exchange between different commodities and services is known as:

- (a) Barter System
- (b) Monetary System
- (c) Banking System
- (d) Market System

Answer: \_\_\_\_\_

### Question 4:

A substitute good is a good:

- (a) Of higher quality than another good.
- (b) That is not used in place of one another
- (c) That can be used in place of one another
- (d) Of lower quality than another good.

Answer: \_\_\_\_\_

### Question 5:

The price of a cloth can be expressed in terms of money just as it can be expressed in terms of rice. Which function of money is expressed in this statement?

- (a) Medium of Exchange
- (b) Measure of Value
- (c) Store of value
- (d) Transfer of Value

Answer: \_\_\_\_\_

### Question 6:

Credit transaction requiring future payments cannot take place smoothly under:

- (a) Lack of standard of deferred payment
- (b) Deferred Payments
- (c) Bank Trading
- (d) Money Market

Answer: \_\_\_\_\_

### Question 7:

Firms under \_\_\_\_\_ are free to enter or leave the industry at any time.

- (a) Perfect Competition
- (b) Pure Oligarchy
- (c) Oligopoly
- (d) Monopoly

Answer: \_\_\_\_\_

### Question 8:

Creation of savings is the \_\_\_\_\_ stage of capital formation.

- (a) First
- (b) Second
- (c) Third
- (d) Fourth

Answer: \_\_\_\_\_

### Question 9:

\_\_\_\_\_ is subject to depreciation

- (a) Land
- (b) Labour
- (c) Capital
- (d) Entrepreneur

Answer: \_\_\_\_\_

### Question 10:

What is meant by derived demand?

- (a) The demand is derived from income, tastes, etc. Of sellers
- (b) The demand is derived from the price elasticity of demand
- (c) If a thing is needed for producing some other goods, which we actually need
- (d) The demand is derived in beginning economics classes.

Answer: \_\_\_\_\_

### Question 11:

Which function of an entrepreneur allows him to decide the reward that each factor of production should get?

- (a) Innovative Function
- (b) Distributive Function
- (c) Risk-Bearing
- (d) Decision-Making Function

Answer: \_\_\_\_\_

### Question 12:

If the number of firms producing a particular commodity, increases the market supply of that commodity will \_\_\_\_\_:

- (a) Increase
- (b) Decrease
- (c) Remain Constant
- (d) Become Negative

Answer: \_\_\_\_\_

### Question 13:

Which of the following is considered as legal tender money?

- (a) Currency notes and coins
- (b) Drafts and Cheques
- (c) Credit Cards
- (d) Debit Cards

Answer: \_\_\_\_\_

### Question 14:

Price of commodity and quantity supplied of that commodity s \_\_\_\_\_ related:

- (a) Inversely

- (b) Cross
- (c) Negative
- (d) Directly

Answer: \_\_\_\_\_

### Question 15:

The productivity of land is not affected by \_\_\_\_\_

- (a) Fertility of Land
- (b) Proper use of Land
- (c) Government Policy
- (d) Gender of the Workers

Answer: \_\_\_\_\_

### Question 16:

Increase in the tax on a commodity will lead to \_\_\_\_\_ in the supply of the commodity.

- (a) Fixing
- (b) No Change
- (c) Increase
- (d) Decrease

Answer: \_\_\_\_\_

### Question 17:

Capital is a \_\_\_\_\_ means of production

- (a) Income
- (b) Durable
- (c) Produced
- (d) Processed

Answer: \_\_\_\_\_

### Question 18:

In which market form is the firm a price taker?

- (a) Market Money
- (b) Monopoly
- (c) Perfect Competition
- (d) Capital Market

**Question 19:**

Labour is the only \_\_\_\_\_ factor of production.

- (a) Active
- (b) Passive
- (c) Temporary
- (d) Immobile

Answer: \_\_\_\_\_

**Question 20:**

Milk can be put to several uses; therefore, it is called as a \_\_\_\_\_ good.

- (a) Composite
- (b) Autonomous
- (c) Direct
- (d) Indirect

Answer: \_\_\_\_\_

**Question 21:**

A differentiated product has:

- (a) Many perfect substitutes.
- (b) No close substitutes
- (c) Close but not perfect substitute
- (d) No substitute of any kind

Answer: \_\_\_\_\_

**Question 22:**

Barter system is also called as a \_\_\_\_\_

- (a) D-D Economy
- (b) D-C Economy
- (c) C-C Economy
- (d) C-D Economy

Answer: \_\_\_\_\_

### Question 23:

\_\_\_\_\_ goods refers to those products which are identical in quality, shape, size, colour, etc.

- (a) Heterogeneous
- (b) Homogeneous
- (c) Differentiated
- (d) Slightly Differentiated

Answer: \_\_\_\_\_

### Question 24:

Land is a \_\_\_\_\_ factor of production.

- (a) Temporary
- (b) Permanent
- (c) Active
- (d) Mobile

Answer: \_\_\_\_\_

### Question 25:

\_\_\_\_\_ means selling the same product at difference prices to different buyers.

- (a) Selling.
- (b) Price Making
- (c) Price Discrimination
- (d) Price Talking

Answer: \_\_\_\_\_

### Question 26:

Land as a factor of production, can earn income in the form of \_\_\_\_\_

- (a) Rent
- (b) Wages
- (c) Capital
- (d) Interest

Answer: \_\_\_\_\_

### Question 27:

\_\_\_\_\_ of labour is advantageous to workers as it increases their efficiency, mobility and saves their time and tools:

- (a) Division
- (b) Addition
- (c) Elasticity
- (d) Inelasticity

Answer: \_\_\_\_\_

### Question 28:

Which of the following describes a monopoly firm?

- (a) Single seller
- (b) No barrier to entry.
- (c) Many substitutes
- (d) Many Sellers

Answer: \_\_\_\_\_

### Question 29:

The demand for \_\_\_\_\_ goods will increase with an increase in the consumers income.

- (a) Inferior Goods
- (b) Substitute Goods
- (c) Normal Goods
- (d) Complementary Goods

Answer: \_\_\_\_\_



### Question 30:

In monopolistic competitive market, the buyers have \_\_\_\_\_

- (a) Access to several brands
- (b) Liberty to compare various brands
- (c) Imperfect Knowledge
- (d) Imperfect Choice.

Answer: \_\_\_\_\_

### Question 31:

The evolution of money started with stage \_\_\_\_\_

- (a) Commodity Money
- (b) Metallic Money
- (c) Bank Money
- (d) Animal Money

Answer: \_\_\_\_\_

### Question 32:

When producers expect price rise in the future, they would like to \_\_\_\_\_ the present supply of their commodities

- (a) Increase
- (b) Reduce
- (c) Keep Constant
- (d) Stop

Answer: \_\_\_\_\_

### Question 33:

Capital formation cannot occur unless there is \_\_\_\_\_

- (a) Investment
- (b) Production
- (c) Saving
- (d) Money

Answer: \_\_\_\_\_

**Question 34:**

Labourers get \_\_\_\_\_ for the task they perform whereas an entrepreneur hopes to get \_\_\_\_\_ for the risk they take in a business.

- (a) Rent and Profit
- (b) Wage and Profit
- (c) Profit and Wage
- (d) Wage and Interest

Answer: \_\_\_\_\_

**Question 35:**

A network of good entrepreneurs will help to generate \_\_\_\_\_

- (a) Employment Opportunities
- (b) Public Debt
- (c) Expenditure
- (d) Public Expenditure

Answer: \_\_\_\_\_

**Question 36:**

\_\_\_\_\_ is essential for a market to be called as perfect competition.

- (a) Large number of Buyers and Sellers
- (b) Restricted entry and exit
- (c) No Substitutes
- (d) Differentiated Goods

Answer: \_\_\_\_\_

**Question 37:**

The concentration of textiles in Gujarat and Sugar industry in UP are good examples of \_\_\_\_\_

- (a) Geographical Division of Labour
- (b) International Division of Labour

- (c) Simple Division of Labour
- (d) Horizontal Division of Labour

Answer: \_\_\_\_\_

### Question 38:

As land cannot produce anything by itself therefore it is called a \_\_\_\_\_ factor of production:

- (a) Active
- (b) Mobile
- (c) Durable
- (d) Passive

Answer: \_\_\_\_\_

### Question 39:

Printing machine is an example of \_\_\_\_\_

- (a) Circulating Capital
- (b) Physical Capital
- (c) Financial Capital
- (d) Production Capital

Answer: \_\_\_\_\_

### Question 40:

The wide gap between the rich and the poor with reference to income highlights \_\_\_\_\_ determinant of market demand.

- (a) Population
- (b) Distribution of Income
- (c) Income of Consumer
- (d) State Policy

Answer: \_\_\_\_\_