**Semester -1**

**Course Code ---ECO10101**

**Course Title ----Micro Economics-1**

1. If a few firms dominate an industry the market is known as

a. Monopolistic competition b. Duopoly c. Oligopoly

2. In Game Theory:

a. Firms are assumed to act independently

b. Firms are assumed to cooperate with each other

c. Firms consider the actions of others before deciding what to do

3. In the Kinked Demand Curve theory it is assumed that:

a. An increase in price by the firm is not followed by others

b. An increase in price by the firm is followed by others

c .A decrease in price by the firm is followed by others

4. Who has given a model to explain price rigidity under Oligopoly?

a. Kalecki b. Sweezy c. Baumol

5. Stackelberg has discussed the behavior of two sellers in the duopoly market assuming

a. both as leaders b. both as followers c. one as leader and other as followers

6. Parameter of action of the sellers in Bertrand Model is:

a. Price b. Output c. Cost

7. Who discussed first about Duopoly model?

a. Cournot b. Sweezy c. Baumol

8. Parameter of action of the sellers in Cournot Model is:

a. Price b. Output c. Cost

9. If the demand curve is kinked, what will be the shape of MR Curve?

a. Kinked b. Discontinuous c. Downward

10. Which market MR curve is discontinuous?

a. Monopolistic competition b. Perfect Competition c. Oligopoly

11. The short run is a time period in which:

a. all resources are fixed. b . the level of output is fixed. c . some resources are fixed and others are variable

12. Which of the following is a variable cost?

a. Interest payments b. Raw materials costs c. Property taxes

13. Which of the following short-run cost curves declines continuously?

a. Average total cost b. Marginal cost c. Average fixed cost

14. Which cost curve is known as Rectangular Hyperbola?

a. Average total cost b. Marginal cost c. Average fixed cost

15. In Cobb-Douglas production function, elasticity of factor substitution is equal to:

a. 1 b. 0 c. greater than 1

16. If all inputs are increased in the same proportion then it is a case of:

a. Law of Variable Proportion b. Law of returns to scale c. Law of demand

17. Law of variable proportion comes under:

a. Short Run production function b. Long Run production function c. a and b

18. Time allocation model developed by:

a. Cournot b. Gary Becker c. Baumol

19. Which of the following is known as long run average cost curve?

a. Learning curve b. Envelope curve c. Equal product curve

20. If the quantity of a good demanded by a consumer increases in response to an increase in purchases by other consumers this is known as -------

a. Positive network externality b. Negative network externality c. Neutral network externality

21. The concept of expected utility theory was first postulated by:

a. Daniel Bernoulli b. Gary Becker c. Baumol

22. _____ cost curve has flatter U shape.

a LAC b LMC c LMR

23. Upper segment of kinked demand cure shows the _____.

a. Elastic demand b. Inelastic demand c. Income elasticity of demand

24. Desire to possess a unique commodity having a prestige value is known as:

a. Snob effect b. Veblen effect c. Bandwagon effect

25. The demand curve for a Veblen good is:

a. Upward sloping b. downward sloping c. backward bending

26. A person who is willing to take more risks while investing in order to earn higher returns

a. Risk lover b. Risk neutral c. Risk Averter

27. Individuals' indifference between various levels of risk is known as:

a. Risk Lover b. Risk Neutral c. Risk Averter

28. When all the inputs are increased in the same proportion, the production function is said to be:

a. Homogeneous b .Nonhomogeneous c. Homothetic

29. In Linear homogeneous production function the degree of production function is equal to

a. 1 b. 0 c. greater than 1

30. Arrow, Chenery, Minhas and Solow have developed the concept of:

a. Homogeneous production function b.CES production function

c. Homothetic production function

31. Study of household production and the allocation of time within the household developed

by: a. Daniel Bernoulli b. Gary Becker c. Baumol

32. Markovitz model presumed generally investors are:

a. Risk Lover b. Risk Neutral c. Risk Averter

33. A person accepts risk both on the basis of possible losses or gains and the utility gained from the action itself. This is known as:

a. Bernoulli's hypothesis b. Markowitz hypothesis c. Savage hypothesis

34. Short-run modern theory of cost curve has a ------- type shape

a. Saucer b. U c. L

35. Shape of modern long-run average cost curve: -----

a. Saucer b. U c. L

36. The Average Variable cost is equal to the total variable cost divided by the total output.

a. TVC divided by the total output. b. TFC divided by the total output. c. MC divided by the total output

37. Who classified Economies of scale into internal economies and external economies.

a. Daniel Bernoulli b. Gary Becker c. Alfred Marshall

38. ----- curve intersects the SAVC curve at its minimum point.

a. MC b. AC c. AFC

39. The U shape of the LAC reflects:

a. Law of Variable proportions b Laws of returns to scale c. Reserve

40. The minimum point of ATC is at..... position of the minimum point of AVC

a. Right b. Left c. Same

41. Cardinal utility analysis to consumer equilibrium was developed by:

a. Daniel Bernoulli b. Gary Becker c. Alfred Marshall

42. MC at any level of output is given by:

a. slope of TC curve b. slope of TVC curve c. slope of either TC or TVC

43. The cost that cannot be recovered once spent:

a. accounting cost b. fixed cost c. implicit cost

44. Which of the following has a U shape?

a. Average fixed cost curve b. Total cost curve c. Average variable cost curve

45. Envelope curve is:

a. long run marginal cost curve b. long run average cost curve c. none of the above

46. The total fixed cost is a

a. horizontal straight line b vertical c. hyperbola c. None of these

47. The cost incurred on producing one additional unit of commodity is known as:

a. Marginal cost curve b. Average cost curve c. Total cost curve

48. The LAC curve envelopes ------- curves and is therefore called as envelope curve.

a. SAC b. SMC c. LMC

49. The long run is the period over which all factors become:

a. variable b constant c. vertical

50. The marginal productivity theory of distribution is associated with

a Adam Smith b Lionel Robbins c J. B. Clark

51. Under Marginal productivity Theory, reward for labour is determined by

a. Owner b Labour c Marginal Product

52. Every factor of production gets reward equal to its:

a Cost b Marginal product c Price

53. The Wages, Labour and Capital' was written by:

a. Hegel b. Engles c. Karl Marx

54. According to Karl Marx the present state will:

a . Continue for long b . Will wither away c . Deliver goods with the passage of time

55. Marx borrowed from Hegel:

a. Materialistic philosophy b. The labour theory of value c.. Dialectical method

56. The "marginal principle" serves to explain:

a. the share of rent b. the share of wages c. the share of profit

57. Who developed the Keynesian theory of distribution?

a. Hegel b. Kaldor c. Stalin

58. The systematic attempt to account for the sharing of the national income among the owners of the factors of production is known as :

a. Theory of distribution b. The labour theory of value c. Theory of production

59. Who gave the monopoly theory of income distribution?

a. Hegel b. Kaldor c. Kalecki

60. The distribution of factor's income depends on the degree of monopoly power as shown by:

a. Hegel b. Kaldor c. Kalecki

61. ……. states that since factors of production are rewarded equal to their marginal product, they will exhaust the total product

a. Product exhaustion theorem b. Envelope Curve c. Equal product curve

62. Which of the following is called product exhaustion theorem?

a. Euler Theorem b. demand theorem c. Prisoners Dilemma

63. Euler's product exhaustion theorem assumes a homogeneous production function i.e.:

a. increasing returns to scale b. constant returns to scale

c. diminishing returns to scale

64. When each individual pursues their own self-interest, the outcome is worse than if they had both cooperated this is known as :

a. Euler Theorem b. demand theorem c. Prisoners Dilemma

65. ---------- is a standard example of a game analyzed in game theory

a. Product exhaustion theorem b. Prisoners Dilemma c. Equal product curve

66. ----------is an analytical approach through which strategic choices can be assessed.

a. Theory of distribution b. Theory of games c. Theory of production

67. ---------- is a concept within game theory where the optimal outcome of a game is where there is no incentive to deviate from the initial strategy.

a. Producers equilibrium b. Prisoners Dilemma c. Nash Equilibrium

68. Who is the father of game theory?

a. John von Neumann b. Gary Becker c. Alfred Marshall

69. ---------- is a situation in game theory in which one person's gain is equivalent to another's loss, so the net change in wealth or benefit is zero.

a. Cooperative game b. Non-Cooperative Game c. Zero sum game

70. Contestable market theory developed by:

a. Baumol b. Kaldor c. Kalecki

71. ---------- market is one with firms facing zero entry and exit costs

a. Monopolistic competition b. Perfect Competition c. Contestable

72. Which economist formulated the contestability hypothesis?

a. Baumol b. Kaldor c. Kalecki

73. The petroleum industry is an example of:

a. monopolistic competition. b. pure oligopoly. c. duopoly.

74. An oligopoly with two firms is called:

a. monopolistic competition. b. pure oligopoly. c. duopoly

75. ---------- is an indicator of the physical relationship between the inputs and output of a firm.

a. Average total cost b. Production function c. Engineering Production function

76. Factors, which can be changed and vary directly with the output in the short run is known as:

a. Constant Factors b. Variable Factors c. Fixed factors

77. ---------- is derived with the help of engineering production function.

a. Average cost Curve b. Production Curve c. Engineering Cost Curve

78. Which one of the following is not a feature of Oligopoly?

a. few sellers b. price takers c. price rigidity

79. ---------- is a market situation wherein the firms cooperate with each other in determining price or output.

a. Collusive oligopoly b. Non Collusive oligopoly c. Independent oligopoly

80. Which one of the following is not a Non-Collusive Oligopoly model?

a. Cournot model of duopoly b. Bertrand model c. Stackelberg model

81. ---------- is defined as a group of firms that gets together to make output and price decisions.

a. Cournot model of duopoly b. Bertrand model c. Stackelberg model

82. If a few firms dominate an industry the market is known as …….

a. monopolistic competition b. Competitively monopolistic c. Duopoly

83. The locus of points of levels of x and y which use up all the available resources of the firm. This is known as:

a. Producers equilibrium b. production-possibility curve c. Nash Equilibrium

84. Locus of points of various combinations of quantities of y and x whose sale yields the same revenue to the firm. This is known as:

a. iso-revenue curve b. production-possibility curve c. Nash Equilibrium

85. The slope of the iso-revenue curve is equal to the ratio of:

a. quantity of the commodities b. demand of the commodities c. the prices of the commodities

86. The term conspicuous consumption was first introduced by:

a. Baumol b. Kaldor c. Thorstein Veblen

87. ---------- is a type of luxury good for which the demand for a good increases as the price increases

a. Inferior goods b. Giffen goods c. Veblen good

88. ---------- have an upward-sloping demand curve.

a. Inferior goods b. Giffen goods c. Veblen good

89. Individuals or companies that prefer low-risk, low-return investments are:

a. risk-averse b. Risk neutral c. risk-loving

90. ----------model is that the consumer views a purchased good as a bundle of characteristics.

a. Lancaster b. Becker c. Veblen

91. Characteristics Model which was developed by :

a. Baumol b. Lancaster c. Kalecki

92. Example of a negative network externality is :

a. Inferior goods b. Giffen goods c. snob goods

93. Stock-adjustment principle, which has been developed by:

a. Lancaster b. Becker c. Nerlove

94. Stock-adjustment principle which has been applied to the study of demand functions for

a. Consumer durables b. Consumer non-durables c. inferior goods

95. Habit-creation principle which has been developed by:

a. Lancaster b. Becker c.. Houthakker and Taylor

96. ---------- models which deal with groups of commodities rather than individual commodities.

a. Inferior goods b. Giffen goods c. linear expenditure

97. The earliest duopoly model was developed by :

a. Lancaster b. Augustin Cournot c. Nerlove

98. Graphical solution of Cournot' s model is found by the intersection of :

a. reaction curves b. isoprofit curve c. isorevenue curves

99. Small Group Model which is otherwise known as :

a. Lancaster model b. Augustin Cournot c. Chamberlin model

100. An oligopolistic firm having low cost than the other firms sets the lower price which the other firms have to follow this is known as :

a. low cost leader b. dominant leader c. cartel

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Answer Key

1. c. Oligopoly
2. c. Firms consider the actions of others before deciding what to do
3. a. An increase in price by the firm is not followed by others
4. b. Sweezy
5. c. one as leader and other as followers
6. a. price
7. a. Cournot
8. b. Output
9. b. Discontinuous
10. c. Oligopoly
11. c . some resources are fixed and others are variable

12. b. Raw materials costs
13. c. Average fixed cost
14. c. Average fixed cost
15. a. 1
16. b. Law of returns to scale
17. a. Short Run production function
18. b. Gary Becker
19. b. Envelope curve
20. a. Positive network externality
21. a. Daniel Bernoulli
22. a LAC
23. a) Elastic demand
24. a. Snob effect
25. a. Upward sloping
26. a. Risk lover
27. b. Risk neutral
28. a. Homogeneous
29. a. 1
30. b. CES production function
31. b. Gary Becker
32. c. Risk Averter
33. a. Bernoulli's hypothesis
34. a. Saucer
35. c. L
36. a. TVC divided by the total output
37. c. Alfred Marshall
38. a. MC
39. a. Law of Variable Proportions
40. b Left
41. c. Alfred Marshall
42. c. slope of either TC or TVC
43. b. fixed cost
44. c. Average variable cost curve
45. c . none of the above
46. a. horizontal straight line
47. a. marginal cost curve
48. a. SAC
49. a. variable
50. c J. B. Clark
51. c Marginal Product
52. b Marginal product
53. c . Karl Marx
54. b. Will wither away

55. c . Dialectical method
56. a. the share of rent
57. b. Kaldor
58. a. Theory of distribution
59. c. Kalecki
60. c. Kalecki
61. a. Product exhaustion theorem
62. a. Euler Theorem
63. b. constant returns to scale
64. c. Prisoners Dilemma
65. b. Prisoners Dilemma
66. b. Theory of games
67. c. Nash Equilibrium
68. a. John von Neumann
69. c. Zero sum game
70. a. Baumol
71. c. Contestable
72. a. Baumol
73. b. pure oligopoly
74. c. duopoly.
75. b. Production function
76. b. Variable Factors
77. c. Engineering Cost Curve
78. b. price takers
79. a. Collusive oligopoly
80. c. cartel
81. c. cartel
82. c. Oligopoly
83. b. production-possibility curve
84. a. iso-revenue curve
85. c. the prices of the commodities
86. c. Thorstein Veblen
87. c. Veblen good
88. c. Veblen good
89. a. risk-averse
90. a. Lancaster
91. b. Lancaster
92. c. snob goods
93. c. Nerlove
94. a. Consumer durables
95. c. Houthakker and Taylor
96. c. linear expenditure
97. b. Augustin Cournot

98. a. reaction curves
99. c. Chamberlin model
100. a. low cost leader