Fourth Semester MA Economics (Private Registration)

Multiple Choice Questions   EC800403   LABOUR ECONOMICS

1. Change in the desired hours of work resulting from a change in income, holding the wage rate constant is known as

     A Income effect   B Substitution effect   C All of these D Price Effect

2. The convexity of the indifference curve reflects

     A Diminishing marginal rate of substitution

     B Diminishing Returns to scale

     C Diminishing marginal utility

     D Increasing marginal utility

3. Incentive pay schemes base compensation on relative performance is

     A Efficiency Wage Payment

     B Tournament pay

     C Variability of Pay

     D Hedonic wage Pavements

4. The process that initiates, guides, and maintains goal-oriented behaviors known as

     A Promotion   B Controlling C Motivation D Marketing

5. A pay scheme where part of the worker's compensation is given or invested in the firm's stock indicate

     A Direct compensation   B Profit sharing   C Indirect compensation D Equity compensation

6. In a perfectly competitive labour market each firm is a

     A Wage taker   B Wage maker   C None of these   D Price Maker

7. The piece-rate worker's salary depends strictly on

     A   Working hours   B Output produced   C   All of these   D None of these

8. Demand curve faced by firm under imperfect competition is

A Downward sloping   B Upward sloping   C Horizontal straight line D Vertical Straight Line

9. The main element of an employer's compensation scheme is

    A   Promotion

    B   Efficiency wage

    C None of these

    D Productivity and the Basis of Yearly Pay

10. The additional benefits offered to an employee, above the stated salary for the performance of a specific service is

        A Dividend   B Commission   C Fringe benefits   D Promotion

11. The individual labour supply curve is

        A Convex to the origin   B   Downward sloping C   Backward bending D   Vertical

12 . If the substitution effect dominates the income effect, the individual will choose

        A To work more hours   B To work less normal hours C None of these D Work equal leissure

13.The slope of the indifference curve is measured by the

        A $MRTS_{LK}$ B $MRS_{L, Y}$ C $MRPT_{KL}$ D MC=MR

14. The mismatch between the skills demanded and supplied in a given area is called

        A Structural unemployment
        B Cyclical unemployment
         C Frictional unemployment
        D None of these

15. Time allocation model is associated with

        A Adam Smith   B John Hicks   C   Alfred Marshall   D Garey Becker

16. Percentage change in quantity of labor supplied due to percentage change in the wage rate indicate

A   Wage elasticity of labour supply

B   Price elasticity of labour supply

C   None of these

D   Income Elasticity of labour supply

17. The relationship between business cycle and labour force participation rate is

A   Evolutionary wage change

B Added worker effect

C Net Effect

D Price Effect

18.The optimal work–leisure position is achieved where

A MRS $_{L, Y}$ is equal to wage rate

B   MRS $_{L, Y}$ is greater than wage rate

C None of these

D MC=MR

19. The demand for labour is a

A Derived demand   B Short-run demand   C Price demand D Long run demand

20. Unemployment occurs when people move between jobs in the labour market is called

A Cyclical unemployment

B Disguised unemployment

C Seasonal unemployment

D Frictional unemployment

21.The change in output resulting from hiring an additional worker is

A   The marginal product of labour

B   Average product of labour

C   Total product

D   Production

22. Isoquants is also known as

A   Iso cost curve

B Equal output curves

C All of these

D None of these

23. Which effect encourages the firm to use more labor-intensive method of production?

A   Scale effect   B Income effect   C   substitution effect   D Price Effect

24. If capital and labor are perfect substitutes the isoquant is

A   Linear   B Convex   C Right-Angled   D None of these

25. Laws of Derived Demand is introduced by

A A.C Pigou   B Adam Smith   C   J R Hicks   D Alfred Marshall

26.   Backward–bending labor supply curve reflect

A   Income effect and substitutions effect

B Demonstration effect

C Substitution effect

D Price Effect

27. The output produced by any combination of labour and capital is called

A Production function   B   Production level   C   None of these   D Cost Function

28.The dollar value of output per worker is

A Value of marginal product

B Value of total product

C Value of average product

D None of these

29. Imperfectly competitive conditions consist of

A Monopolies B Oligopolies C All of these   D None of these

30. The slope of an iso-cost curve is

A Ratio of output prices   B   Profit ratio   C cost level D Ratio of input prices

31. In the long run both labour and capital are

A   Fixed   B   variable   C Neutral   D None of these

32. Wages higher than the market equilibrium wage is called

      A Real wages   B Subsistence wages C Efficiency wages D minimum wages

33. The unwritten agreement help to stabilize wages and employment is known as

      A Implicit contract   B Explicit contract   C Labour contract D Pledge

34. Skills or knowledge that is useful only to a single employer or industry is

      A Specific human capital   B. Human capital formation   C.   All of these
  D   None of these

35. Asymmetric information theory is associated with

      A Gregory Mankiw   B. A C Pigou C   Alfred Marshal   D.   George Akerlof

36. The lowest wage at which a worker would be willing to accept a particular type of job is

      A Reservation wage   B   Real wage C   Money wage D None of these

37. The profit maximizing employer will obtain its optimal level of employment where

      A   MRS=MWC B MRP = MWC C.   MRP = MC D.   MC= MR

38. A tool for supplementing the wages of low-income workers and help offset the effect of Social Security taxes is called

      A The Earned Income Tax Credit

      B Non-refundable tax credit

      C All of these

      D None of these

39. People who are jobless, but official unemployment figures do not include them refers to

      A Structural unemployment

      B Frictional unemployment

      C   Hidden unemployment

      D Disguised Unemployment

40. Which theory states that union firms have become less profitable than non-union firms?

A   The Substitution Hypothesis

B Wage Opposition Hypothesis

C None of these

D Managerial Opposition Hypothesis

41. Which model states that the union sets the price of its product and firms look at the demand curve and determine how many workers to hire?

 A Monopoly Union Model

B The Structural Change Hypothesis

C Formal model

D None of these

42. Wage floors that are higher than either federal or state minimum wages is called

A Living Wage B   Fair wage   C   Prevailing wage   D Subsistence wage

43. Unions and employers could be better off if they agreed to jointly determine wages and employment is the situation of

A Efficient-Contracts Model   B   Formal model   C Wage Contract model D Subsistence Wage model

44. One party in a transaction is in possession of more information than the other is known as

A Empirical information

B Asymmetric information

C Procedural information

D None of these

45. The strikes in the bargaining process was developed by

A J S Mill   B Alfred Marshal   C   Joan Robinson   D Sir John Hicks

46. In India Code on Social Security, 2020 is associated with

A Labour market reforms

B Industrial sector reforms

C None of these

D Wage Market Reforms

47. The first National Labour Commission was established on

    A 20th may 1970   B 24th December 1966   C 3rd October 1960 D 19th August 1970

48. Important factor that may have contributed to the decline in union strength is

    A Demographic Changes   B Employer Resistance   C All of these D None of these

49. The percentage change in the demand for input ' i' resulting from a percent change in the wage of input 'j' is

A cross-elasticity of factor   B Income elasticity of factor   C None of these   D All of these

50. Substituting extra hours of work for leisure indicate

    A Income effect   B Substitution effect C Net effect   D Price Effect

51. 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 The demand is derived from the INCOME elasticity of demand.
    D The demand for a resource is derived from the demand for what it can produce

52. A profit-maximizing firm hires labor up to the point where
    A wage times the quantity of labor equals the marginal product.
    B Price equals the quantity of labor.
    C wage equals value of marginal product.
    D MC=MR

53. An increase in the price of the firm's output leads to a
    A movement upward along the demand for labor curve.
    B rightward shift of the demand for labor curve.
    C leftward shift of the demand for labor curve.
    D movement downward along the demand for labor curve.

54. The Earned Income Tax Credit supplements the wages of low-income working families by
    A reducing their income tax liability.
    B increasing their income tax liability.
    C no change in their standard of living.

D none of these

55. An increase in non-labour income allows the worker to
    A move down to a lower indifference curve.
    B Remain unaffected by the income change.
    C Jump to a higher indifference curve.
    D None of these

56. An increase in wage rate of the labour generates income effect and
    A Production effect
    B ubstitution effect
    C migration effect
    D Income Effect

57. In the sticky-wage model an unexpectedly lower price level leads to a _____ in the labor demand curve.
    A Upward shift
    B Downward shift
    C Vertical
    D movement along the product curve

58. The Phillips curve expresses a short-run link:
    A Among nominal variables
    B Among real variables
    C Between nominal and real variables
    D None of these

59. The individual labour supply curve
    A Shifts downwards if workers' preference for leisure increases.
    B Shifts to the left if there is technological progress in production.
    CIs not affected by technological progress in production.
    D. None of these

60. An increase in the real wage during collective bargaining by union leadership results in
    A a decrease in employment with no change in involuntary unemployment.
    B a decrease in employment and increase in involuntary unemployment.*
    C both employment and involuntary unemployment will decrease.
    D None of the above

61. A profit maximising firm will employ labour up to the point where?
    A Marginal revenue = marginal product
    B Marginal cost = marginal product
    C Marginal revenue product = average cost of labour
    D TC=TR

62. A firm's demand for labor curve is also
    A its value of marginal product curve.

B the supply of labor curve
C its marginal cost curve.
D. All of the above

63. Discouraged labourers are
    A considered frictionally unemployed
    B considered structurally unemployed
    C not considered part of labour force
    D None of these

64. The increase in unemployment that occurs during recessions and depressions is called
    A Frictional unemployment
    B Disguised unemployment
    C Structural unemployment
    D Cyclical unemployment

65. If you hear a person saying "I lost my job because I was replaced by a machine," you should
    conclude that this person is …………….. Unemployed.
    A Seasonally
    B Cyclically
    C Structurally
    D Disguised

66. Unemployment insurance is a component of
    A Social Security Act
    B Worker's Compensation Act
    C ESI Act
    D None of the above

67. For a typical firm in the short run, labor is a _____ input, and capital is a _____
input.
    A variable; variable
    B variable; fixed
    C fixed; variable
    D. None of these

68. A decline in fertility reduces the number of children at home, which lowers the value of
    adults' time at home. As a result, the
    A demand for labor increases
    B supply of labor decreases
    C supply of labor increases
    D demand for labor remain constant

69. To maximize profit, a monopsony employer _____ employment along the labor
    _____ curve.
    A Reduces; supply

B Raises; supply

C Raises; demand

D None of these

70. A situation where the percentage of workforce in the formal sector tends to decline and that in the informal sector tends to rise as known as ……………

A Unemployment

B Casualisation

C Jobless growth

D. Informalisation

71. A monopoly union increases the wage by

A Reducing employment

B Increasing the demand for union labor

C Holding employment fixed and threatening to strike

D Increasing employment

72. Which of the following best describes how the labor supply curve of an individual is determined?

A The labor supply curve is equal to the marginal revenue curve

B The labor supply curve is equal to the market wage

C The labor supply curve represents the individual's trade-off between goods and leisure

D None of these

73. An inferior good is best described as:

A A good for which an increase in the price, holding income fixed, leads to a decrease in the quantity demanded

B A good for which an increase in the price, holding income fixed, leads to an increase in the quantity demanded

C A good for which the income effect is larger than the substitution effect

D None of these

74. The marginal resource cost (MRC) for a perfectly competitive firm is

A vertical

B Upward slopping

C Downward slopping

D Flat

75. Paying an efficiency wage increases work effort because

A workers are required to work harder to get the super-competitive wage

B the efficiency wage enriches workers, and they work harder as an income effect

C the efficiency wage makes the job more valuable, so workers work harder to reduce the chance of being dismissed

D All of the above

76. In a competitive labor market, an employer can deter the bad behavior of its workers by

A back-loading pay

B Front-loading pay
C Making that workers pay for their own training
D Peak Loading price

77. Piece-rate compensation
   A attracts the most able workers
   B doesn't elicit effort in large firms
   C decreases a firm's productivity
   D None of these

78. The natural rate of unemployment is
   A Zero
   B Lowest rate of unemployment that we observe in cyclical expansions
   C Unemployment rate from frictional unemployment
   D. One

79. The cross elasticity of demand defined as:
   A The ratio of percentage change in the demand to the percentage change in price.
   B The ratio of percentage change in the demand for a given product to the percentage
        change in the price of a related other product.
   C The ratio of two different elasticities.
   D. none of these

80. As a result of fall in the price of a commodity, consumer's real income or purchasing
power increases. This increase in the real income induces him to buy more of that
commodity. This is   technically termed as:
   A Price Effect
   B Substitution Effect
   C Wage effect
   D Income Effect

81. In a perfectly competitive labour market firms are wage takers and the marginal cost of
labour equals?
   A Total cost of labour
   B Average cost of labour
   C Marginal revenue
   D Total product

82. The natural rate of unemployment may fall if?
   A Unemployment benefits increase
   B Income tax increases
   C More training is available for the unemployed
   D Income tax decreases

83. 'Deadweight loss' is a term often used to describe a
   A loss in economic welfare resulting from a market failure or intervention
   B weight loss in quantity demanded
   C inequality between demand and supply

D equality between demand and supply

84. Which of the following would result in a short-run increase in the wage rate in a competitive labour market?
    A an increase in immigration
    B an increase in the output price
    C a decrease in productivity
    D a increase in productivity

85. When the government imposes a payroll tax on workers,
    A the effects are greater to the effects had the government imposed the tax on
        employers
    B the costs of hiring remain constant
    C workers' real wages are unchanged
    D the effects are identical to the effects had the government imposed the tax on
        employers

86. The cobweb model will convergent when the slope of:
    A Demand curve is more than supply curve
    B Supply curve is more than demand curve
    C None of the above
    D Supply curve is equal to demand curve

87. Fringe Benefits are_____
    A bonus
    B base compensation
    C supplementary compensation
    D Pension

88. What is an association of workers for the purpose of maintaining or improving the conditions of their employment called?
    A Colony
    B Federation
    C Trade Union
    D Society

89. Under which of the following schemes women employee gets benefit without contribution.
    A Employees Provident Fund and Miscellaneous Provisions Act
    B Maternity Benefit Act
    C Employees State Insurance Act
    D None of these

90. Which of the following act as the basis for labour policy in India?
    I. Fundamental Rights
    II. Directive Principles of State Policy
    III. Fundamental Duties

Select the correct option from the codes given below:
A Only I
B I & III
C I, II, III
D I & II

91. In the context of consumption and leisure time, which of the following is a property of
    indifference   curves?
    A Indifference curves slope up
    B There's an indifference curve through each pair of leisure and consumption
    C Indifference curves bow out from the origin
    D. None of these

92. A government program pays a $200 cash grant per week. People who work, however, do
not qualify   for the program. (The price of consumption is $1 per unit.) The cash grant
    A shifts up the budget line by 200 units per week but does not affect the the endowment
        point
    B increases the slope of the budget line
    C shifts up the endowment point by 200 units per week but does not affect any other point
        on the budget line
    D. None of these

93. In the context of relative performance pay, using a large reference group
    A insulates each worker's pay from coworker-specific fluctuations in performance
    B reduces effort and (on average) performance
    C increases workers' aversion to risk
    D Decrease workers' aversion to risk

94. ………….. is defined as a lumpsum payment made to a worker or to his heirs by the
company
    on termination of his service due to retirement.
    A Public fund
    B Private fund
    C) Gratuity
    D. Pension

95. A firm pays its workers a piece rate, and each worker chooses effort to equate the piece
rate to
    A the average cost of effort
    B The price of the firm's product
    CThe value of the worker's marginal product
    D. the marginal cost of effort
96. If an increase in the cost of labor causes the firm to use less capital, then
    A substitution effect has dominated over the scale effect.
    B the scale effect has dominated over the substitution effect.
    C the firm has moved onto a higher isoquant.

D substitution effect has dominated over the Income effect

97. An employer who is a monopolist in the product market will probably
    A hire more employees than a perfect competitor would.
    B hire fewer employees than a perfect competitor would.
    C hire the same number of employees as a perfect competitor, due to competitiveness in
       the labor   market.
    D None of these

98. More generous unemployment compensation _____ unemployment spells.
    A Shortens
    B Lengthens
    Chas no effect on the length of
    D has effect on the length of

99. A person who searches for a job sequentially
    A Accepts the first job offer
    B Accepts the best job offer after applying for a pre-specified number of jobs
    C Accepts or rejects job offers as they arrive
    D None of these

100. Collective bargaining is an action of
    A manager
    B State
    C Local
    D Group

Answer Key

1.A	19.A	37.B	55. C	83. A
2.A	20.D	38.A	56. B	84. B
3.B	21.A	39.C	57. D	85. D
4.C	22.B	40.D	58. C	86. A
5.D	23.C	41.A	59. C	87. C
6.A	24.A	42.A	60. B	88. C
7.B	25.D	43.A	61. B	89. B
8.A	26.A	44.B	62. A	90. D I & II
9.D	27.A	45.D	63. C	91. B
10.C	28.C	46.A	64. D	92. C
11.C	29.C	47.B	65. C	93. A
12.A	30.D	48.C	66. A	94. C
13.B	31.B	49.A	67. B	95. D
14.A	32.C	50.B	68. C	96. B
15.D	33.A		69. A	97. B
16.A	34.A		70. D	98. B
17.B	35.D	51. D	71. A	99. C
18.A	36.A	52. C	72. C	100. D
		53. B	73. C	
		54. A	74. D	
			75. C	
			76. A	
			77. A	
			78. C	
			79. B	
			80. D	
			81. A	
			82. A	