

RANKERS ACADEMY

Economist test

Each question carries 2 marks

Time: 45 minutes

1. The subject matter of economics is distributed into _____ parts.

- (A) two (B) three (C) four (D) five

2. The concept of 'Consumer Surplus' was introduced in Economics by

- (A) Prof. Robbins (B) Prof. Samuelson (C) Prof. Smith (D) Prof. Marshall

3. If the price elasticity of demand is $|0.5|$, then the commodity is

- (A) Luxury (B) Necessary (C) Inferior (D) Giffen

4. In the case of rare coins, supply curve will be

- (A) Horizontal (B) Vertical (C) backward bending (D) positively sloped

5. When the price elasticity of demand is equal to one, the demand curve is

- (A) rectangular hyperbola. (B) parallel to the horizontal axis.
(C) parallel to the vertical axis (D) negatively sloped straight line

6. Which one of the following is not a factor of production?

- (A) Land (B) Labour (C) Capital. (D) Bank Loan

7. The 'Law of Variable Proportion' was first developed by

- (A) Prof. Mill. (B) Prof. Marshall. (C) Prof. Ricardo (D) Prof. Smith

8. Which one of the following cost can never become zero?

- (A) Average cost (B) Fixed cost (C) Marginal cost (D) Variable cost

9. All the factors of production become variable in the

- (A) Short run (B) long run (C) very short run (D) very long run

10. Marginal cost is defined as

- (A) the change in total cost due to one unit change in output.

- (B) the change in total cost due to one unit change in input.

- (C) the ratio of total cost to total output

- (D) the ratio of total cost to total input

11.If a firm produces 200 units of commodity X by employing 10 workers and 240 units of the same commodity by employing 12 workers, then the Average Product of the worker is

(A) 20 (B) 40 (C) 200 (D) 240

12. _____ is an act to use the goods or service to satisfy the wants.

**(A) Production
(B) Consumption
(C) Savings**

(D) Distribution

13.The Law of Diminishing Marginal Utility was developed by _____

**(A) Stanley Jevons
(B) Alfred Marshall
(C) Adam Smith**

(D) J.R. Hicks

14._____ demand is also known as Direct Demand.

**(A) Derived
(B) Autonomous
(C) Individual**

(D) Consumption

15.Total Outlay Method of measuring Elasticity of Demand was introduced by _____

(A) Stanley Jevons (B) Alfred Marshall (C) Adam Smith (D) J.R. Hicks

16.When two or more different goods are produced together by a single firm, it is called as _____ supply.

(A) joint (B) composite (C) excess (D) short

17._____ is a gift of nature.

(A) Land (B) Labour (C) Capital (D) Organisation

18.There are _____ stages of the Law of Variable Proportions

(A) 2 (B) 3. (C) 4. (D) 5

19.Which factor of production is considered as a produced means of production?

(A) Land. (B) Labour. (C) Capital (D) Organisation

20._____ means transformation of physical inputs into output.

(A) Marketing. (B) Production. (C) Finance (D) Money

21._____ cost is also known as Alternative Cost.

(A) Opportunity (B) Actual (C) Real (D) Money

22. The additional cost incurred to produce an additional unit of output is _____

(A) Marginal cost (B) Variable cost. (C) Fixed cost (D) Opportunity cost

23. _____ goods are known as scarce goods.

(A) Economic (B) Durable (C) Free (D) Consumer

24. _____ is the first Law of Consumption.

(A) The Law of Diminishing Marginal Utility (B) The Law of Demand

(C) The Law of Increasing Returns (D) All of the above

25. Factors of production may be of _____ types.

(A) 4 (B) 3 (C) 2 (D) 5

26. The Law of Variable Proportions relates to _____ only.

(A) long – run (B) short – run (C) very long run (D) very short run

27. The total _____ curve will be a horizontal line.

(A) Variable cost (B) Fixed cost. (C) Marginal cost (D) Cost

28. The supply curve always slopes _____

(A) Upwards. (B) Downwards. (C) both (A) and (B) (D) neither (A) nor (B)

29. The 'Welfare definition' of Economics was introduced by _____

(A) Adam Smith (B) Alfred Marshall (C) Lionel Robbins (D) J. R. Hicks

30. Micro-economics deals with the _____

(A) economic behavior of the individual

(B) economy as a whole

(C) trade relations

(D) economic growth of the society