



SAIVA BHANU KSHATRIYA COLLEGE, ARUPPUKOTTAI

(Aruppukottai Nadargal Uravinmurai Pothu Abiviruthi Trustuku Pathiyapattathu)

DEPARTMENT OF ECONOMICS

QUESTION BANK

Name of the Department	Economics
Under Graduate / Post Graduate	Under Graduate
Semester (UG – III & V; PG – III)	UG - III
Name of the Subject	Principles of Economics - I
Subject Code	AHSJ A31

Section A - 1 Mark Questions. (Multiple Choice Questions)

Unit – I (Introduction)

1. The Wealth definition of economics was given by _____.
(a) Adam Smith (b) Alfred Marshall (c) Lionel Robbins (d) Samuelson
2. The satisfying power of the commodity is called as _____.
(a) Want (b) Utility (c) Value (d) Demand
3. When total utility is maximum, then marginal utility becomes _____.
(a) Positive (b) Negative (c) Zero (d) None of these
4. Economic laws are based on _____.
(a) Unconditional (b) Universally valid (c) Quantifiable (d) Assumptions
5. _____ means creation of utility of the goods.
(a) Consumption (b) Production (c) Exchange (d) Distribution

Unit – II (Consumption)

6. Gossen's first law of consumption is _____.
(a) Law of diminishing marginal utility (b) Law of equi-marginal utility
(c) Law of consumer's surplus (d) Law of demand
7. The relationship between price and quantity demanded is _____.
(a) Direct (b) Indirect (c) Inverse (d) No relation
8. The exceptional demand curve will be a _____.
(a) Downward (b) Upward (c) Vertical (d) Horizontal
9. If the proportionate change in price will affect the same proportionate change in quantity demanded, then it will be said as _____.
(a) Relatively inelastic demand (b) Relatively elastic demand
(c) Unitary elastic demand (d) Inelastic demand
10. Various point on the straight line demand curve has a different elasticity, this is explained in _____ method.
(a) Total outlay (b) Point (c) Arc (d) Percentage

Unit – III (Production)

11. Land is/has a/an _____.
(a) Not a natural (b) Active factor (c) Production cost (d) Multiple uses
12. Law of diminishing returns applicable very quickly in _____.
(a) Land (b) Mining (c) Fishing (d) All of these
13. The bargaining power is very low in _____.
(a) Land (b) Labour (c) Capital (d) Entrepreneurs
14. In economics, the factors of production are _____.
(a) Land (b) Labour (c) Capital (d) All of these
15. According to Malthusian theory of population, which check is more important?
(a) Preventive (b) Positive (c) Both (a) and (b) (d) None of these

Unit – IV (Capital Formation)

16. Capital is accumulated through _____.
(a) Income (b) Consumption (c) Savings (d) Expenditures
17. Investment on health, education and training is a _____.
(a) Physical Capital (b) Human Capital (c) Both (a) and (b) (d) None of these
18. External sources of foreign capital is _____.
(a) Trade surplus (b) Foreign aid (c) Ban on import (d) All of these
19. Risk, uncertainty, innovations are made by _____.
(a) Entrepreneurs (b) Capital employed (c) Labour activity (d) Land productivity
20. The only factor which is earning negative reward when it inefficient.
(a) Land (b) Labour (c) Capital (d) Entrepreneurs

Unit – V (Forms of Market)

21. The shape of average cost curve is _____.
(a) L shape (b) U shape (c) Boat shape (d) Downward curve
22. In perfect competition, the shape of average revenue curve is _____.
(a) Downward (b) Upward (c) Horizontal (d) Vertical
23. Only one seller/producer is available in market is in _____ market.
(a) Perfect competitive (b) Monopoly
(c) Monopolistic competitive (d) Oligopoly
24. The concept of selling cost was developed by _____.
(a) John Robinson (b) Chamberlin (c) Michael Porter (d) Paul Sweezy
25. Few sellers are controlling the market is in _____ market.
(a) Competitive (b) Monopoly (c) Duopoly (d) Oligopoly

Section B - 7 Mark Questions. (Either/or Questions)

Unit – I (Introduction)

26. Describe the economic laws.
27. Explain the welfare definition of economics.
28. What are the main sub-divisions of economics?
29. Briefly explain the scope of economics.
30. Illustrate the relationship between total utility and marginal utility.

Unit – II (Consumption)

31. Analyse the law of equi-marginal utility.
32. Elucidate the law of demand with diagram.
33. Explain the degree of price elasticity of demand.
34. What are factors influencing elasticity of demand.
35. Explain the concept of consumer's surplus into the economics.

Unit – III (Production)

36. Bring out the chief features of land.
37. Explain the law of diminishing returns to scale.
38. Describe the factors for efficiency of labour.
39. Explain the advantages of division of labour.
40. Explain the optimum theory of population.

Unit – IV (Capital Formation)

41. Explain the importance of capital formation.
42. What are the internal sources of capital formation?
43. How to improve capital formation?
44. How to process the capital formation?
45. What are main functions of capital?

Unit – V (Forms of Market)

46. Explain the short-run and long-run average cost curves.
47. Illustrate how to determine equilibrium price under perfect competition.
48. Describe the main features of monopolistic competition.
49. Explain how to control of monopolies.
50. Briefly explain the characteristic features of perfect competition.

Section C - 10 Mark Questions. (Easy Type Questions)

Unit – I (Introduction)

51. Examine the Lionel Robbins Scarcity definition.
52. Critical evaluation of Wealth definition.

Unit – II (Consumption)

53. Explain the law of diminishing marginal utility analysis.
54. Illustrate the various methods of measuring elasticity of demand.

Unit – III (Production)

55. What is localization of industries? And bring out the merits and demerits of it.
56. Analyse the Malthusian theory of population.

Unit – IV (Capital Formation)

57. Explain the reasons for low rate of capital formation in India.
58. Analyse the functions of an entrepreneur.

Unit – V (Forms of Market)

59. Explain how the price and output determined under monopolistic competition.
60. Explain the short-run and long-run output determinations under perfect competition.