

Final Test Semester 1 Paper 2 INDIAN INSTITUTE OF MATERIALS MANAGEMENT Business Economics & Accounting Management[PGDMM , PGDSCM & L (2 years)]

Instructions:

1. Answer all 50 questions. Each question carries 2 marks Total : 100 Marks
2. Duration 1 Hour.

***Required**

1. Email *

2. Name *

3. Roll Number *

4. " _____ deals with individual and specific problems of both small and big business organisations. So its scope of operation is quite _____ and involves only the principles of microeconomics." 2 points

Mark only one oval.

- Business Economics, limited
- Economics, extended
- Business Economics, optimum
- Traditional Economics, large

5. "As _____ and _____ are required by managers for business planning and taking timely decisions on crucial issues, this aspect plays a very strategic role in business economics." 2 points

Mark only one oval.

- cost, demand analysis
- demand analysis, demand forecasts
- profit, capital analysis
- Demand forecasts, cost

6. Adam Smith, the _____ century _____ philosopher and economist, is considered as the 'Father of Economics'. 2 points

Mark only one oval.

- 16th, German
- 17th, British
- 18th, Scottish
- 19th, Polish

7. _____ and supply in the market play a crucial role in deciding the _____ of a commodity and size of the market. 2 points

Mark only one oval.

- Demand, price
- Income demand, quantity
- Cost demand, cost
- Joint demand, quality

8. Demand and _____ are directly proportional to normal goods whereas the _____ and income are inversely proportional to inferior goods. 2 points

Mark only one oval.

- price, price
- income, demand
- price demand, income
- cross demand, price demand

9. In case of the increase in demand, the demand curve shifts towards _____, while, in case of decrease in demand, the demand curve shifts towards _____.

Mark only one oval.

- left, right
- right, right
- right, left
- left, left

10. _____ refers to the willingness of a seller to offer a particular quantity of a product in the market for sale at a specified price and time.

Mark only one oval.

- Sales
- Buy
- Supply
- Demand

11. _____ and price of the product in the market affect the supply of a product.

Mark only one oval.

- Inventory
- Demand
- Supply
- Sales

12. The price at which both demand and supply intersect is known as the _____.

Mark only one oval.

- market price
- equilibrium price
- cost price
- price

13. It said that “necessity is the mother of _____ and _____ is the mother of production”. 2 points

Mark only one oval.

- invention, demand
- demand, supply
- supply, demand
- supply, invention

14. According to _____ assumption, the utility gained from different commodities consumed by an individual can be summed together to calculate the total utility. 2 points

Mark only one oval.

- Marginal utility of money is constant
- Rationality
- Utilities are additive
- Diminishing marginal utility

15. According to the _____ approach, utility is a psychological phenomenon which possesses a descriptive character and thus differs across individuals such as happiness, satisfaction, etc. 2 points

Mark only one oval.

- cardinal utility
- ordinal utility
- marginal utility
- total utility

16. In economics, _____ refers to the creation of those goods and services which have exchange value in the economy. 2 points

Mark only one oval.

- demand
- supply
- capital
- production

17. "_____ refers to the total amount of units of output which is produced per unit of time by the different factors of inputs." 2 points

Mark only one oval.

- Average production
- Marginal production
- Cardinal production
- Total production

18. According to _____, "General equilibrium occurs through the mutual interdependence between different markets and their constituents." 2 points

Mark only one oval.

- Prof. Stigler
- Walras
- Koutsoyiannis
- Leibhafsky

19. _____ can be described as the cost of the next best alternative forgone by a business entity, while, _____ is the money spent by the producer to purchase or own the factors of production. 2 points

Mark only one oval.

- Implicit Costs, Business Costs
- Business Costs, Fixed Costs
- Incremental Cost, Real Costs
- Opportunity cost, Explicit cost

20. "The summation of _____ and _____ is referred to as total cost in the short run." 2 points

Mark only one oval.

- total fixed cost, total variable cost
- total variable cost, Average Total Cost
- Average Total Cost, Average Variable Cost
- Direct Costs, marginal cost

21. _____ refer to the cost advantage enjoyed by an organisation when it increases its level of output, while, _____ refer to the decrease in the average total cost of an organisation due to the production of a wider variety of goods or services. 2 points

Mark only one oval.

- Average revenue, diseconomies of scale
- Diseconomies of scale, average revenue
- Economies of scale, economies of scope
- Economies of scope, economies of scale

22. Business activities are _____ activities carried out within the organisation in order to earn a profit. 2 points

Mark only one oval.

- economic
- social
- cultural
- general

23. _____ are the final accounts prepared to determine the profit or loss, financial strengths and weaknesses of the business at the end of an accounting period. 2 points

Mark only one oval.

- Balance sheet
- Profit and loss account
- Financial statements
- Cash flow statement

24. _____ is a device used by corporate management to ____ the reported profit in order to paint a good financial position of the organisation. 2 points

Mark only one oval.

- Balance sheet, calculate
- Bottom line, manipulate
- Balance sheet, summarise
- Bottom line, analyse

25. _____ is a process of assessing the organisation's present and future financial performance and position by recording, evaluating and interpreting the financial data. 2 points

Mark only one oval.

- DuPont analysis
- Comparative analysis
- Financial ratio analysis
- Financial statement analysis

26. _____ refers to the firm's ability to convert its assets into cash and _____ assesses the firm's ability to meet short-term obligations, usually for one year. 2 points

Mark only one oval.

- Profitability ratio, valuation ratio
- Liquidity ratio, liquidity ratio
- Leverage ratio, turnover ratio
- Profitability ratio, profitability ratio

27. _____ can be performed either on the basis of time series/trend series or on inter-firm series, while, the _____ is a measure of financial analysis and an expanded version of Return on Equity (ROE). 2 points

Mark only one oval.

- DuPont analysis, comparative analysis
- Financial ratio analysis, financial statements analysis
- Comparative analysis, DuPont analysis
- Financial statements analysis, Financial ratio analysis

28. Accounting equation is also known as _____ equation whereby the total of a company's assets always _____ the sum of shareholders' equity and external liabilities. 2 points

Mark only one oval.

- statement of cash flows, double
- balance sheet, equals
- statement of income, greater
- Financial statements, lower

29. An account is a systematised format of recording _____ data. 2 points

Mark only one oval.

- debit
- credit
- profit or loss
- accounting

30. _____ is a book of original entry in which transactions are recorded on a _____ basis as and when they occur. 2 points

Mark only one oval.

- Journal book, day-to-day
- Principle book, weekly
- Passbook, monthly
- Ledger, yearly

31. The _____ system records, classifies, analyses, summarises and allocates various types of costs associated with a process. 2 points

Mark only one oval.

- financial accounting
- cost accounting
- profit and loss account
- managerial accounting

32. _____ are those costs that can be specifically and directly attributed to a particular cost object or a project or any piece of work, while, _____ are those costs that are not directly attributable to any cost object. 2 points

Mark only one oval.

- Indirect costs, direct costs
- Fixed costs, variable costs
- Direct costs, indirect costs
- Variable costs, fixed costs

33. _____ is a cost control technique wherein the predefined standard costs are compared with the actual cost of producing that product or service. 2 points

Mark only one oval.

- Process costing
- Job costing
- Labour costing
- Standard costing

34. Broadly, there are _____ types of costs that may impact the production volume in an organisation. 2 points

Mark only one oval.

- two
- three
- four
- five

35. Contribution margin is the difference between the sales ____ of a product and its ____ cost. 2 points

Mark only one oval.

- profits, variable
- costs, fixed
- revenue, variable
- loss, fixed

36. The break-even point is the point at which the total revenues are _____ to the total costs of the product. 2 points

Mark only one oval.

- higher
- lower
- double
- equal

37. In the _____ strategy, a business unit or an organisation can concentrate on a limited market segment or a narrow product line. 2 points

Mark only one oval.

- overall differentiation
- focus
- differentiation
- cost leadership

38. The _____ is a comprehensive budget that includes all the aspects of an organisation's operations and finances. 2 points

Mark only one oval.

- investment
- master budget
- budget
- revenue

39. There are _____ types of variances that can be analysed using a flexible budget. 2 points

Mark only one oval.

- five
- four
- two
- three

40. Which one of the following scope of the application of business economics covers the aspects of a business? 2 points

Mark only one oval.

- Profit Maximisation
- Capital Management
- Both a and b
- None of these

41. Which one of the following functions performed by a managerial economist? 2 points

Mark only one oval.

- Performing market research
- Forecasting sales of an organisation
- Performing investment analysis
- All of these

42. To deal with all economics and business decision making related questions, organisations include six steps in their decision-making processes. Which one of the following step involves changes in the ongoing processes and work patterns of the organisation? 2 points

Mark only one oval.

- Define the problem
- Implement the decision
- Find alternative courses of action
- Formulate potential solutions

43. The movement of the workforce across continents, exchange of ideas and technologies, and adoption of new culture and values, which leads to globalisation are examples of: 2 points

Mark only one oval.

- First Law of Economics
- Second Law of Economics
- Third Law of Economics
- None of these

44. Which one of the following laws of economics states that 'If the demand for a particular product is high in the market, then the manufacturers will also increase its supply in the market to meet the growing demands'? 2 points

Mark only one oval.

- First Law of Economics
- Second Law of Economics
- Third Law of Economics
- None of these

45. "When the demand for different quantities of a commodity or service depends not only on its own price but also on the price of other related commodities or services, then the demand is known as the _____." 2 points

Mark only one oval.

- joint demand
- cross demand
- composite demand
- price demand

46. Which one of the following is the pictorial representation of the demand schedule? 2 points

Mark only one oval.

- Demand curve
- Law of demand
- Price demand
- Income demand

47. Which one of the following is a types of demand curve? 2 points

Mark only one oval.

- a. Individual demand curve
- b. Market demand curve
- c. Both a and b
- d. None of these

48. Which one of the following is the effect of change in the relative price of a commodity over the demand of that commodity? 2 points

Mark only one oval.

- Income Effect
- Substitution Effect
- Law of Diminishing Marginal Utility
- Change in the Number Of Buyers

49. Which one of the following statement is not correct? 2 points

Mark only one oval.

- a. "The downward movement along the same demand curve is known as the expansion of demand."
- b. "The upward movement along the same demand curve is called the contraction of demand."
- c. Both a and b
- d. None of these

50. Which one of the following determinants or factors influencing the supply of products? 2 points

Mark only one oval.

- Price of a product
- Cost of production
- Taxation policies
- All of these

51. Which one of the following is a type of supply, which states that the total amount of goods that are available for selling in the market at a specific price and for a specific time period by all firms? 2 points

Mark only one oval.

- a. Individual supply
- b. Market supply
- c. Both a and b
- d. None of these

52. When a supplier is ready to offer huge quantities of products in the market at the same price, an increase in supply occurs due to: 2 points

Mark only one oval.

- reduction in taxes
- decrease in prices of factors of production
- upgradation in production techniques
- All of these

53. Which one of the following is a condition when a large quantum of goods is supplied at higher than usual prices? 2 points

Mark only one oval.

- Expansion or extension of supply
- Contraction of supply
- Both a and b
- None of these

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