INSTITUTE OF ACTUARIAL & QUANTITATIVE STUDIES

Subject: Business Economics - Micro

Chapter: Unit 1

Category: Practice Question

1. Subject CT7 April 2017 Question 1

The problem of scarcity in economics:

A exists only in economies which rely on the market mechanism.

B could be eliminated if prices are forced to fall.

C means that there are shortages of some goods.

D exists because there are insufficient resources to satisfy human wants.

2. Subject CT7 April 2017 Question 2

If the government chooses to use resources to build a hospital instead of a school, this illustrates the concept of:

A a market system.

B macroeconomics.

C competition.

D opportunity cost.

3. Subject CT7 September 2016 Question 1

The solution to the economic problem of deciding which goods to produce requires:

A the establishment of freedom of entry & exit

B the establishment of a system of market prices.

C a choice between the production of consumer goods and the sacrifice of alternatives.

D a decision to be made on the degree to which capital will be used in the production process rather than labour.

4. Subject CT7 April 2015 Question 4

Under perfect competition:

A short run excess profits are competed away by firms leaving the industry.

B short run excess profits are competed away by new firms entering the industry.

C short run excess profits lead to price rises.

D short run excess profits are caused by barriers to entry and exit

5. Subject CT7 April 2016 Question 12

Which one of the following statements about market structure is TRUE?

A Under perfect competition, in the long run only some firms can make excess profits.
B Under oligopoly all firms make decisions without taking into account the possible reactions of their competitors.
C For a monopolist facing a linear demand curve, average revenue is always less than marginal revenue.
D Firms under monopolistic competition charge a price above their marginal revenue.

6. Subject CT7 October 2015 Question 1

Scarcity exists if:

A prices are too high.
B human wants cannot be satisfied.
C there are shortages of some goods.
D markets are not perfectly competitive.

7. Subject CT7 April 2014 Question 1

Which of the following would the production of banking services be classified as?

A Primary Production
B Secondary Production
C Tertiary Production
D Manufacturing Production

8. Subject CT7 September 2014 Question 1

The main categories of economic resources are:

A natural resources, labour and money.

B labour, money and factories.
C natural resources, capital and factories.
D natural resources, labour and capital.

9. Subject CT7 September 2014 Question 2

The problem of scarcity in economics:

A exists only in economies which rely on the market mechanism.
B could be eliminated if we force prices to fall.
C means that there are shortages of some goods.
D exists because there are insufficient resources to satisfy human wants.

10. Subject CT7 April 2012 Question 2

In economics the concept of scarcity means:

A all resources will eventually be exhausted.
B there are unlimited resources, we just have an allocation problem.
C there are unlimited wants and limited resources.
D all of the above.

11. Subject CT7 September 2018 Question 27

(i) State the difference between microeconomics and macroeconomics.
(ii) Define what is meant by a "market" with the use of an example

12. Subject CT7 October 2017 Question 27

(a) State the factors of production that exist within an economy.

(b) Describe how scarcity arises in the context of these factors.

13. Subject CT7 October 2015 Question 27

Define the two branches of economics: macroeconomics and microeconomics.

14. Subject CT7 September 2014 Question 27

(a) Define what economists mean by the term rational choice.

(b) Explain the concept of rational choice with reference to consumers.

15. Subject CT7 September 2014 Question 30

Discuss the types of market structure that would make it difficult for firms to experience economies of scale.