

MCQ -FYBAF-SEM1- Business Economics

1. Managerial Economics is_____
 - A. Dealing only micro aspects
 - B. Only a normative science
 - C. Deals with practical aspects
 - D. **All of the above**
2. The techniques of optimization include
 - A. Marginal analysis
 - B. Calculus
 - C. Linear programming
 - D. **All of the above**
3. In economics, desire backed by purchasing power is known as
 - A. Utility
 - B. **Demand**
 - C. Consumption
 - D. Scarcity
4. Basic assumptions of law of demand include
 - A. Prices of other goods should change.
 - B. There should be substitute for the commodity.
 - C. **The commodity should not confer any distinction.**
 - D. The demand for the commodity should not be continuous
5. Higher the price of certain luxurious articles, higher will be the demand, this concept is called
 - A. Giffen effects
 - B. **Veblen effects**
 - C. Demonstration effects
 - D. Bothb&cabove
6. In the case of perfect elasticity, the demand curve is
 - A. Vertical
 - B. **Horizontal**
 - C. Flat
 - D. Steep
7. Outlay method of measurement of elasticity is also called as
 - A. Percentage method
 - B. **Expenditure method**



- C. Point method
- D. Geometric method

8. _____ demand forecasting is related to the business conditions prevailing in the economy as a whole

- A. **Macro level**
- B. Industry level
- C. Firm level
- D. None of these

9. _____ is the base of marketing planning

- A. Demand Estimation
- B. Demand analysis
- C. Demand function
- D. **Demand forecasting**

10. _____ is the change in total revenue irrespective of changes in price or due to the effect of managerial decision on revenue

- A. Average revenue
- B. Total revenue
- C. Marginal revenue
- D. **Incremental revenue**

11. Perfect competition is characterized by

- A. large number of buyers and sellers
- B. homogeneous product
- C. free entry and exit of firms
- D. **all the above**

12. The distinction between variable cost and fixed cost is relevant only in

- A. long period
- B. **short period**
- C. medium term
- D. mixed period

13. Purposes of Short term Demand forecasting doesn't includes;

- A. Making a suitable production policy.
- B. To reduce the cost of purchasing raw materials and to control inventory.
- C. Deciding suitable price policy
- D. **Planning of a new unit or expansion of existing unit**

14. In _____ approach, the demand for new product is estimated on the basis demand of existing product



- A. Growth curve approach
- B. Evolutionary approach.**
- C. Opinion polling approach
- D. Vicarious approach.

15. The proportionate change in the quantity demanded of a commodity in response to change in the price of another related commodity is called

- A. Price elasticity
- B. Related elasticity
- C. Cross elasticity**
- D. Income elasticity

16. Which one is the method for measurement of elasticity

- A. Proportional or Percentage Method
- B. Outlay Method
- C. Geometric method
- D. All the above**

17. _____ Method is also known as Sales-Force – Composite method or collective opinion method

- A. Opinion survey**
- B. Expert opinion
- C. Delphi method
- D. Consumer interview method

18. Which of the following is not a method of demand forecasting of new products

- A. Trend projection**
- B. Substitute approach
- C. Evolutionary approach
- D. Sales experience approach

19. Psychological pricing is also called as;

- A. Penetration pricing
- B. Skimming pricing
- C. Odd pricing**
- D. None of these

20. Customary pricing is also known as

- A. Consumer pricing
- B. Conventional pricing**
- C. Cost plus pricing
- D. Full cost pricing



21. _____ is the process of finding current values of demand for various values of prices and other determining variables.

- A. **Demand Estimation**
- B. Demand analysis
- C. Demand function
- D. Demand forecasting

22. In the case of _____ a small change in price leads to very big change in quantity demanded

- A. Perfectly elastic demand
- B. Perfectly inelastic demand
- C. **Relative elastic demand**
- D. Unit elastic demand

24. In _____ approach, on the basis of the growth of an established product, the demand for the new product is estimated

- A. **Growth curve approach**
- B. Evolutionary approach.
- C. Opinion polling approach
- D. vicarious approach

25. Which one of the following is not a reason for adopting penetration price strategy

- A. Product has high price elasticity in the initial stage.
- B. The product is accepted by large number of customers.
- C. Economies of large scale production available to firm
- D. **When the buyers are not able to compare the value and utility**

26. Car and petrol are

- A. **Complimentary goods**
- B. Substitute goods
- C. Supplementary goods
- D. Reserve goods

26. Criteria for good demand forecasting includes;

- A. Plausibility
- B. Simplicity
- C. Economy
- D. **All the above.**

27. Cost plus pricing is also called

- A. margin pricing
- B. full cost pricing



- C. mark up pricing
- D. **all the above**

28. Generally used strategy for pricing new products is/are

- A. Skimming price strategy
- B. Penetration price strategy
- C. **Both a & b**
- D. None of these

29. The architect of the theory of monopolistic competition

- A. Rosenstein Roden
- B. JR Hicks
- C. Karl Marx
- D. **Chamberlin**

30. The function of combining the other factors of production is done by

- A. land
- B. **labour**
- C. Capital
- D. Entrepreneurship

31. _____ means the total receipts from sales divided by the number of unit sold.

- A. **Average revenue**
- B. Total revenue
- C. Marginal revenue
- D. Incremental revenue

32. $E_p=0$ in the case of _____ elasticity

- A. Perfectly elastic demand
- B. **Perfectly inelastic demand**
- C. Relative elastic demand
- D. Unitary elastic demand

33. Law of demand shows the functional relationship between _____ and quantity demanded

- A. Supply
- B. Cost
- C. **Price**
- D. Requirements

34. When the change in demand is exactly equal to the change in price, it is called



- A. Perfectly elastic demand
- B. Perfectly inelastic demand
- C. Relative elastic demand
- D. **Unitary elastic demand**

35. Tea and coffee are

- A. Complimentary goods
- B. **Substitute goods**
- C. Supplementary goods
- D. Reserve goods

36. Survey method of demand forecasting includes

- A. Opinion survey
- B. Expert opinion
- C. Delphi method
- D. **All the above**

37. In _____ pricing fixed cost are excluded.

- A. skimming pricing
- B. going rate pricing
- C. administered pricing
- D. **marginal cost pricing**

38. The market with a single producer"

- A. perfect competition
- B. monopolistic competition
- C. oligopoly
- D. **monopoly**

39. The short run production function is called;

- A. Returns to scale
- B. **law of variable proportion**
- C. Production possibility frontier
- D. None of these

40. Which are the characteristics of monopoly?

- A. Single seller or producer
- B. No close substitutes
- C. Inelastic demand curve
- D. **All of these**

41. Whenever _____ is greater than average total cost, average total cost is rising.



- A. **Marginal cost**
- B. Variable cost
- C. Fixed cost
- D. Full cost

42. Which of the following is not a macroeconomic concept?

- A. Business cycle
- B. National income
- C. Government policy
- D. **None of these**

43. Iso-cost line indicate the price of

- A. Output
- B. **Inputs**
- C. Finished goods
- D. Raw material

44. Who classified economies of scale into internal and external?

- A. Robinson
- B. **Marshall**
- C. Edward west
- D. Pigue

45. Product differentiation is the important feature of

- A. monopoly
- B. perfect competition
- C. **monopolistic competition**
- D. monophony

46. Method of demand forecasting is also called "economic model building"

- A. Opinion survey
- B. Complete enumeration
- C. **Correlation and regression**
- D. Delphi method

47. The responsiveness of demand due to a change in promotional expenses is called

- A. Expenditure elasticity
- B. Advertisement elasticity
- C. Promotional elasticity
- D. **Above b or c**

48. Want satisfying power of commodity is called



- A. Demand
- B. Utility**
- C. Satisfaction
- D. Consumption

49. The relationship between price and quantity demanded is

- A. Direct
- B. Inverse**
- C. Linear
- D. Non-linear

50. Decision making and _____ are the two important functions of executive of business firms

- A. Forward planning**
- B. Directing
- C. Supervising
- D. Administration

51. _____ shows the change in quantity demanded as a result of a change in consumers' income

- A. Price elasticity
- B. Cross elasticity
- C. Income elasticity**
- D. None of these

52. The firm charges price in tune with the industry's price is called

- A. competitive pricing
- B. going rate pricing**
- C. tune pricing
- D. target pricing

53. Which one of the following is not a reason for adopting skimming price strategy

- A. When the demand of new product is relatively inelastic.
- B. When there is no close substitutes
- C. Elasticity of demand is not known
- D. Product has high price elasticity in the initial stage**

54. Information for pricing decisions involves:

- A. Product information
- B. Market information
- C. Information at the micro level
- D. All of these**



55. The marginal revenue equation can be derived from the:

- A. **Demand equation**
- B. Supply equation
- C. Cost equation
- D. Price equation

56. Functional relationship between input and output known as

- A. Conversion
- B. **Production function**
- C. Work in progress
- D. Output function

57. in economics _____ means 'a state of rest 'or 'stability'

- A. Depression
- B. **Equilibrium**
- C. Maturity
- D. growth

58. Selling cost is the feature of the market form

- A. monopoly
- B. **monopolistic competition**
- C. oligopoly
- D. none of these

59. Which is the reason of skimming price?

- A. Inelastic demand
- B. Diversion of market
- C. Safer price policy
- D. **All of these**

60. Which is the condition of for market penetration?

- A. High price elasticity of demand in the short run
- B. Savings in production costs
- C. Threat of potential competition
- D. **All of these**

61. If the commodities are substitute in nature, cross elasticity will be

- A. Negative
- B. **Positive**
- C. Zero
- D. Any of the above



62. Which one of the following is not an internal factor influencing pricing policy

- A. cost
- B. objectives
- C. marketing mix
- D. **demand**

63. For the commodities like salt, sugar etc., the income elasticity will be

- A. Zero
- B. Negative
- C. Positive
- D. Unitary

64. In the above function, the letter Y stands for

- A. Yield of production
- B. **Income of consumers**
- C. Utility
- D. Supply

65. When a small change in price leads to infinite change in quantity demanded, it is called

- A. **Perfectly elastic demand**
- B. Perfectly inelastic demand
- C. Relative elastic demand
- D. Relative inelastic demand

66. Price Elasticity of demand=

- A. Proportionate change in quantity demanded
Proportionate change in price
- B. Change in Quantity demanded / Quantity demanded
Change in Price/price
- C. $(Q_2 - Q_1) / Q_1$
 $(P_2 - P_1) / P_1$
- D. **All the above**

67. An increase in income may lead to an increase in the quantity demanded, it is

- A. **Positive income elasticity**
- B. Zero income elasticity
- C. Negative income elasticity
- D. Unitary income elasticity

68. Fixing high price during the introduction is called

- A. **skimming**



- B. penetrating
- C. full cost pricing
- D. target pricing

69. In a perfectly competitive market, individual firm

- A. cannot influence the price of its product**
- B. can influence the price of its product
- C. can fix the price of its product
- D. can influence the market force

70. Which is the determinant of the pricing policy of a firm?

- A. Channel of distribution
- B. Age of product
- C. Consumer association
- D. All of these**

71. The causes of emergence of monopoly is/are:

- A. Concentration of ownership of raw materials
- B. State regulation
- C. Public utility services
- D. All of these**

72. _____ is situation of severely falling prices and lowest level of economic activities

- A. Boom
- B. Recovery
- C. Recession
- D. Depression**

73. Purposes of Short term Demand forecasting doesn't includes;

- A. Making a suitable production policy.
- B. To reduce the cost of purchasing raw materials and to control inventory.
- C. Deciding suitable price policy
- D. Planning of a new unit or expansion of existing unit**

74. Unitary elasticity of demand mean

- A. $EP \Rightarrow 1$
- B. $EP \Rightarrow < 1$
- C. $EP = 0$
- D. $EP = 1$**

75. Quantity remains the same whatever the change in price, this is the case of



- A. Perfectly elastic demand
- B. Perfectly inelastic demand**
- C. Relative elastic demand
- D. Relative inelastic demand

76. Which of the following is not a function of managerial economists

- A. Advice on trade and public relations
- B. Economic analysis of agriculture
- C. Investment analysis
- D. Supervision and control**

77. Analysis of long run and short run affects of decisions on revenue as well as costs is based on

- A. Principle of time perspective**
- B. Equi-marginal principle
- C. incremental principle
- D. None of these

78. Which is the characteristics of managerial economics

- A. Deals with both micro and macro aspects
- B. Both positive and normative science
- C. Deals with theoretical aspects
- D. Deals with practical aspects.**

79. In the case of _____ Consumer may moves to higher or lower demand curve

- A. Extension of demand
- B. Contraction of demand
- C. Shift in demand**
- D. Slopes in demand

80. _____ means an attempt to determine the factors affecting the demand of a commodity or service and to measure such factors and their influences

- A. Demand planning
- B. Demand forecasting
- C. Demand analysis**
- D. Demand estimation

82. In the case of unitary elastic demand, the shape of demand curve is

- A. Vertical line
- B. Horizontal line
- C. Rectangular hyperbola**
- D. Steep



83. Demand for necessary goods (salt, rice, etc,) is _____ and demand for comfort and luxury good is

- A. Elastic, inelastic
- B. Inelastic, elastic**
- C. Elastic, elastic
- D. Inelastic, inelastic

84. _____ Method is also known as Sales-Force –Composite method or collective opinion method

- A. Opinion survey**
- B. Expert opinion
- C. Delphi method
- D. Consumer interview method

85. Which one of the following is an internal factor influencing pricing

- A. demand
- B. competition
- C. distribution channel
- D. product life cycle**

86. _____ forecasting is more important from managerial view point as it helps the management in decision making with regard to the firms demand and production.

- A. Macro level
- B. Industry level
- C. Firm level**
- D. None of these

87. Total Revenue will be maximum at the point where Marginal Revenue is

- A. One
- B. Zero**
- C. <1
- D. >1

88. Under _____ Method, a panel is selected to give suggestions to solve the problems in hand

- A. Opinion survey
- B. Expert opinion
- C. Delphi method**
- D. Consumer interview

89. Method of charging low price initially called _____



- A. skimming
- B. penetrating**
- C. full cost pricing
- D. target pricing

90. Which of the following is/ are the reason for adopting skimming price strategy

- A. When the buyers are not able to compare the value and utility.
- B. To attract the high income customers.
- C. When the product has distinctive qualities, luxuries
- D. All the above**

91. Under oligopoly a single seller cannot influence significantly

- A. market price
- B. quantity supplied
- C. advertisement cost
- D. all the above**

92. Average cost pricing is also called as

- A. cost plus pricing
- B. marginal cost pricing
- C. margin pricing
- D. both a & c**

93. Which of the following is / are the reason for adopting penetration price strategy

- A. Economies of large scale production available to firm.
- B. Potential market for the product is large.
- C. Cost of production is low.
- D. All the above**

94. Purposes of Short term Demand forecasting includes;

- A. Making a suitable production policy.
- B. To reduce the cost of purchasing raw materials and to control inventory.
- C. Deciding suitable price policy
- D. All the above**

95. Demand for tyres depends on demand of vehicles, the demand for tyres called as

- A. Composite demand
- B. Derivative demand**
- C. Joint demand
- D. Direct demand

96. when income increases, quantity demanded falls, it is



- A. Positive income elasticity
- B. Zero income elasticity
- C. **Negative income elasticity**
- D. Unitary income elasticity

97. Consumer Interview method of demand forecasting may undertaken by;

- A. Complete enumeration
- B. Sample survey
- C. End-use method
- D. **All the above**

98. Under which method, the cost is added with the predetermined target rate of return on capital invested

- A. Cost plus pricing
- B. **Target pricing**
- C. Mark up pricing
- D. None of these

99. Prices of Bata shoe as Rs.99.99, this pricing is

- A. Mark up pricing
- B. **Odd pricing**
- C. Marginal cost pricing
- D. Follow up pricing.

100. Average revenue is the revenue per

- A. **unit commodity sold**
- B. total commodity sold
- C. marginal commodity sold
- D. none of these

101. In a perfect market both buyers and sellers are

- A. price maker
- B. price giver
- C. **price taker**
- D. all the above

102. So long as Average Revenue is falling, Marginal Revenue will be _____
Average Revenue

- A. **Less than**
- B. More than
- C. Equal to



D. None of these

103. Price discrimination is also called as

- A. Discriminatory pricing
- B. Differential pricing
- C. Average cost pricing
- D. **a & b above**

104. _____ = $R_2 - R_1 / Q_2 - Q_1$

- A. Average revenue
- B. Total revenue
- C. **Marginal revenue**
- D. Incremental revenue

105. If the commodities are complimentary, cross elasticity will be

- A. **Negative**
- B. Positive
- C. Zero
- D. Any of the above

106. In the oligopoly market there are

- A. large no. of firms
- B. **a few firms**
- C. a single firm
- D. an infinite no. of firms

107. The law of diminishing returns applies more to

- A. **agriculture**
- B. industry
- C. services
- D. commerce

108. _____ provide guidelines to carry out _____

- A. Pricing strategies, pricing policies
- B. **Pricing policies, pricing strategies**
- C. Pricing rules, pricing policies
- D. Pricing rules, pricing strategies

109. In case of _____ quantity demanded changes less than proportionate to changes in price

- A. Perfectly elastic demand
- B. **Perfectly inelastic demand**



- C. Relative elastic demand
- D. **Relative inelastic demand**

110. _____ method measures elasticity between two points

- A. Proportional or Percentage Method
- B. Outlay Method
- C. Geometric method
- D. **Arc Method**

111. Target pricing is also called as

- A. Cost plus pricing
- B. **Rate of return pricing**
- C. Mark up pricing
- D. None of these

View answer

112. The condition for the long run equilibrium of a perfectly competitive firm

- A. **Price=MC=AC**
- B. Price=TC
- C. MC=AVC
- D. MC=MR

View answer

113. The monopoly can be controlled by:

- A. Social boycott
- B. Antimonopoly legislation
- C. Public ownership
- D. **All of these**

View answer

114. Where Marginal revenue is negative, TR will be _____.

- A. Rising
- B. **Falling**
- C. Zero
- D. One

View answer

115. _____ is the method of leadership pricing

- A. Going rate pricing



- B. Follow up pricing
- C. Barometric pricing**
- D. Parity pricing

View answer

116. The properties of indifference curves are:

- A. Indifference curve slopes downwards from left to right
- B. Convex to the point of origin
- C. Two indifference curve never cut each other
- D. All of these**

View answer

117. The competitive firm's long run supply curve is the portion of it's _____ curve lies above average total cost.

- A. Marginal cost**
- B. Revenue cost
- C. Fixed cost
- D. All of these

View answer

118. The opportunity cost of a given activity is

- A. the value of next best activity**
- B. the value of material used
- C. the cost of input used
- D. none of these

View answer

119. Marginal revenue is _____ at the quantity that generate maximum total revenue and negative beyond that point.

- A. Zero**
- B. One
- C. +1
- D. -1

View answer

120. In business cycle concept, the period of "long wave" is of;

- A. 25 years
- B. 50 years**
- C. 100 years



D. 200 years

The no. of firms under oligopoly is

- A. 1
- B. 2
- C. many
- D. **few**

121. Growth curve approach is used for forecasting demand of _____ products

- A. **New**
- B. Old
- C. Existing
- D. Both old and existing.

122. A positive income elasticity may be

- A. Unit income elasticity
- B. Income elasticity greater than unity
- C. Income elasticity less than unity
- D. **Any of the above**

123. The concept of Elasticity of Demand was introduced by

- A. **Alfred Marshall**
- B. Lionel Robbins
- C. Adam Smith
- D. J M Keynes

124. When the quantity demanded falls due to a rise in price, it is called

- A. Extension
- B. Upward shift
- C. Downward shift
- D. **Contraction**

125. Determinants of demand includes

- A. Price of a commodity
- B. Nature of commodity
- C. Income and wealth of consumer
- D. **All the above**

126. Exceptional Demand Curve (Perverse demand curve)



- A. **Moving upward from left to right**
- B. Moving upward from right to left
- C. Moving horizontally
- D. Moving vertically

127. Purposes of long term Demand forecasting doesn't includes;

- A. Planning of a new unit or expansion of existing unit.
- B. Planning long term financial requirements.
- C. Planning of manpower requirements.
- D. **Deciding suitable price policy**

128. Which of the following method of pricing is popular in wholesale and retail trades

- A. skimming
- B. penetrating
- C. **full cost pricing**
- D. target pricing

129. _____ is an "objective assessment of the future course of demand"

- A. Demand Estimation
- B. Demand analysis
- C. Demand function
- D. **Demand forecasting**

130. The change in demand due to change in price only, where other factors remaining constant, it is called _____

- A. Shift in demand
- B. Extension of demand
- C. Contraction of demand
- D. **Both extension and contraction**

131. In the above function, the letter T stands for

- A. Target price
- B. Total supply
- C. Total consumption
- D. **Taste and preference of consumers**

132. _____ means relationship between demand and its various determinants expressed mathematically



- A. Demand extension
- B. Demand contraction
- C. Demand analysis
- D. Demand function**

133. " _____ in economics means demand backed up by enough money to pay for the goods demanded"

- A. Utility
- B. Consumption
- C. Supply
- D. Demand**

134. In the case of _____ a small change in price leads to very big change in quantity demanded

- A. Perfectly elastic demand
- B. Perfectly inelastic demand
- C. Relative elastic demand
- D. Unit elastic demand**

135. Basic assumptions of law of demand does not include

- A. There is no change in consumers' taste and preference
- B. Income should remain constant.
- C. Prices of other goods should change.**
- D. There should be no substitute for the commodity

136. in the case of perfect inelasticity, the demand curve is

- A. Vertical**
- B. Horizontal
- C. Flat
- D. Steep

137. Purposes of long term Demand forecasting includes

- A. Making a suitable production policy.
- B. To reduce the cost of purchasing raw materials and to control inventory.
- C. Deciding suitable price policy
- D. Planning of a new unit or expansion of existing unit**

138. Pricing is done on the basis of managerial decisions, not on the basis of cost, demand etc...

- A. Managerial pricing
- B. Administered pricing**
- C. Full cost pricing
- D. Competitive pricing



139. The pricing of cup of tea or coffee, is an example of

- A. Mark up pricing
- B. Marginal cost pricing
- C. Conventional pricing**
- D. Cost plus pricing

141. Which of the following is a short run law?

- A. Law of constant return to scale
- B. Law of increasing return to scale
- C. Law of diminishing return**
- D. None of these

142. Related to production function, MRTS stand for;

- A. Marginal revenue and total sales
- B. Minimum revenue from total sales
- C. Marginal rate of total supply
- D. Marginal rate of technical substitution**

143. Basic economic tools of managerial economics does not include

- A. Principle of time perspective
- B. Equi-marginal principle
- C. Incremental principle
- D. None of these**

144. In the above function, the letters Ps stands for

- A. Preference of consumers
- B. Price of commodity
- C. Price of substitutes**
- D. Product supply

145. Price discrimination occurs when variation in prices for a product in different markets does not reflect variation?

- A. Costs**
- B. Price
- C. Demand
- D. All of these

146. A firm that is the sole seller of a product without close substitutes called:



- A. **Monopoly**
- B. Oligopoly
- C. Competition
- D. Bureaucracy

147. Which is not a property of ISOQUANT?

- A. Downward sloping
- B. Convex
- C. Negative slope
- D. **Positive slope**

148. Selling at a lower price in export market and at a higher price at home market is called

- A. Export subsidy
- B. **Dumping**
- C. Price cut
- D. All the above

149. Modern definition is also called as

- A. **Growth definition**
- B. Welfare definition
- C. scarcity definition
- D. Neoclassical definition

150. "A rupee tomorrow is worth less than a rupee today" relates to

- A. Opportunity cost principle
- B. **Discounting principle**
- C. Equi-marginal principle
- D. None of these

151. Allocation of available resources among alternatives is based on the principle

- A. Opportunity cost principle
- B. Discounting principle
- C. **Equi-marginal principle**
- D. None of these

152. _____ is known as the 'first law in market'

- A. Law of supply
- B. Law of consumption
- C. **Law of demand**
- D. Law of production

153. Economics was classified into micro and macro by



- A. **Ragnar Frisch**
- B. Adam Smith
- C. J M Keynes
- D. AC Pigou

154. In the long run all input become _____

- A. Fixed
- B. **Variable**
- C. Semi variable
- D. None of these

155. In the IS-LM model, an easy monetary in conjunction with a tight fiscal policy

- A. Increases exports and decreases imports
- B. Decreases exports and increases imports
- C. Encourages foreign capital inflows to the U.S.
- D. **Both b and c**

156. A consumers demand curve can be obtained from:

- A. ICC
- B. Engel curve
- C. Lorence curve
- D. **PCC**

157. A fall in the price of a commodity leads to

- A. A shift in demand
- B. A fall in demand
- C. **A rise in the consumer's real income**
- D. A fall in the consumer's real income

158. The utility of a commodity is:

- A. Its expected social value
- B. The extent of its practical use
- C. **Its relative scarcity**
- D. The degree of its fashion

159. The traffic which maximizes a country's economic welfare is called

- A. Discriminatory traffic
- B. Protective traffic
- C. Optimum traffic
- D. **Non-Discriminatory traffic**

160. Adam Smith advocated



- A. Laissez Faire
- B. Division of Labour
- C. Both of these**
- D. None of these

