ECO404 Quiz # 4 SOLVED Fall 2012

Solved and attempted by: MSBA_124, Abdul Saboor, Ulfat Jafery, Sweet Poison, Khurram Saeed, Usman Alvi, Haroon Rafiq, Muhammad Ali

---

According to Williamson's model, manager's self interest focuses on the achievement of goals in which of the following areas?

Select correct option:

- Staff expenditures
- Managerial emoluments
- Discretionary investment
- All of the given areas **CORRECT**

Question # 5 of 20 (Start time: 05:22:36 PM) **Total Marks:** 1

Equilibrium quantity is defined as:

Select correct option:

- The amount that consumers are willing to buy and sellers are willing to sell at the equilibrium price level **CORRECT**
- The amount that consumers are willing to buy but sellers are not willing to sell at the equilibrium price le
- The amount that consumers are not willing to buy an sellers are willing to sell at the equilibrium price level

---

- The surplus quantity available in the market

Question # 6 of 20 (Start time: 05:23:28 PM) **Total Marks:** 1

When there is limited supply of goods relative to the demand of goods, this condition is known as:

Select correct option:

- Scarcity **CORRECT**
- Rationing
- Equilibrium
- Surplus

Question # 8 of 20 (Start time: 05:25:40 PM) **Total Marks:** 1

Which of the following is (are) economic indicator (s)?

Select correct option:

- Leading indicators
- Coincident indicators
- Lagging indicators

- All of the given options **CORRECT**

- Leading indicators, e.g., stock prices, building permits
- Coincident indicators, e.g., production, manufacturing & trade sales
- Lagging indicators, e.g., unemployment, change in labor cost

Question # 9 of 20 (Start time: 05:26:05 PM) **Total Marks:** 1

Firm charging different prices for the same product in different markets in which of the following categories?

Select correct option:

- First degree price discrimination
- Second degree price discrimination
- Third degree price discrimination **CORRECT**
- Perfect competition

Question # 10 of 20 (Start time: 05:27:33 PM) **Total Marks:** 1

Suppose the total costs of first four units of an output produced are 100, 200, 300, and 400 respectively. What is the marginal cost of the second unit of output?

Select correct option:

- 100 **CORRECT**
- 200

- 300
- 400

Question # 11 of 20 (Start time: 05:28:13 PM) **Total Marks:** 1

The goal of the firm is the maximization of the balanced rate of growth of the firm in which of the following models?

Select correct option:

- Baumol's static model
- Traditional theory of the firm
- Marris's model **CORRECT**
- Sweezy model

Question # 12 of 20 (Start time: 05:29:38 PM) **Total Marks:** 1

Which of the following refers to a situation in which there is more than one possible outcome to a decision and the probability of each specific outcome is known or can be estimated?

Select correct option:

- Certainty **CORRECT**
- Risk

- Probability
- Regression

Question # 13 of 20 (Start time: 05:30:07 PM) **Total Marks:** 1

For two joint products A and B, which are produced in variable proportions, which of the following is TRUE? (Here MR stands for marginal revenue and MC stands for marginal cost)

Select correct option:

- MRA> MCA and MRB= MCB
- MRA= MCA and MRB= MCB **CORRECT**
- MRA< MCA and MRB= MCB
- MRA< MCA and MRB> MCB

Question # 15 of 20 (Start time: 05:32:11 PM) **Total Marks:** 1

Y = a + bX + e In this regression equation, "Y" is:

Select correct option:

- Dependent variable **CORRECT**
- Independent variable

- [ ] Slack variable
- [ ] Random variable

Question # 16 of 20 (Start time: 05:32:40 PM) Total Marks: 1

The Simplex method was first introduced in:

Select correct option:

- [ ] 1930
- [ ] 1939
- [ ] 1947 **CORRECT**
- [ ] 1949

If Isoquants are straight line, it means that:

Select correct option:

- [ ] Inputs are perfect substitutes **CORRECT**
- [ ] Inputs are perfect compliments

- Inputs are not sufficient
- Inputs are more than sufficient

Question # 18 of 20 (Start time: 05:35:34 PM) **Total Marks: 1**

Suppose Y = f(X), if Y = 80 – 100X then what will be dY/dX according to rules of differentiation?

Select correct option:

- 80 **CORRECT**
- -100
- 180
- 80X

Question # 19 of 20 (Start time: 05:36:34 PM) **Total Marks: 1**

Which of the following is the assumption of regression analysis regarding error term?

Select correct option:

- Normal distribution
- Zero mean

- Constant variance
- All of the given options CORRECT

Which of the following model explains price rigidity concept?

Select correct option:

- Sweezy oligopoly model CORRECT
- Cournot oligopoly model
- Bertrand oligopoly model
- Stackelberg model

Question # 1 of 20 (Start time: 04:37:52 PM)

If cross price elasticity of demand between two goods is zero, it means that:

Select correct option:

- Goods are Independent Correct

- Goods are complements
- Goods are substitutes
- Goods are inferior

Question # 2 of 20 (Start time: 04:38:21 PM)

Q = a + bL, where Q = Output, L = Labor.
This equation is an example of --------------- function.

Select correct option:

- Linear Correct
- Cubic
- Quadratic
- Simultaneous

Question # 3 of 20 (Start time: 04:38:46 PM)

Which of the following is (are) the component (s) of the linear Programming model?

Select correct option:

- Set of decision variables Correct
- Objective function
- Set of constraints
- All of the given options

4

Question # 4 of 20 (Start time: 04:39:06 PM)

The goal of profit maximization is achieved by the application of the marginalist principle in which of the following?

Select correct option:

- Baumol's static model
- Traditional theory of the firm Correct
- Marris's model
- Sw eezy model

Question # 5 of 20 (Start time: 04:40:30 PM)

Which of the following is also known as "analysis of variance"?

Select correct option:

- T statistic
- Z statistic
- F statistic Correct
- Durbin Watson statistic

Question # 6 of 20 (Start time: 04:41:20 PM)

In the regression equation, Yt = 6.60 + 2.63Xt, the intercept of the line is:

Select correct option:

- 6.60 Correct
- 2.63
- 9.23

- 3.97

Question # 7 of 20 (Start time: 04:41:40 PM)

In the Marris model, the rate of growth is financed from internal and external sources. Internal source of finance may include:

Select correct option:

- Issue of new bonds
- Loans from banks
- Profits of the firm — Correct
- Loans from other firms

Question # 8 of 20 (Start time: 04:42:05 PM)

The quantity of a good or service that consumers are willing and able to purchase during a specified period of time is known as:

Select correct option:

- Demand — Correct

- Supply
- Market demand
- Market supply

Question # 9 of 20 (Start time: 04:42:30 PM)

Suppose there introduces new technology which reduces the cost of production for firms, this will cause:

Select correct option:

- Rightw ard shift in the supply curve   Correct
- Leftw ard shift in the supply curve
- Movement along the supply curve
- No change in the supply curve

Question # 10 of 20 (Start time: 04:42:50 PM)

Given the marginal cost function, MC = 5Q2 – 10Q + 50, what is dMC/dQ?

Select correct option:

- 5Q + 50
- 10Q - 10 Correct
- 10Q + 50
- 5Q – 10Q

Question # 11 of 20 (Start time: 04:43:35 PM)

Which of the following model explains price rigidity concept?

Select correct option:

- Sw eezy oligopoly model Correct
- Cournot oligopoly model
- Bertrand oligopoly model
- Stackelberg model

Question # 12 of 20 (Start time: 04:44:05 PM)

Consider the following equation of time series data: Yt = f (Tt, Ct, St, Rt) ------------ shows random component at time t.

Select correct option:

- Tt
- Ct
- St
- Rt

Correct

Question # 13 of 20 (Start time: 04:44:49 PM)

Which of the following is a non-price determinant of supply?

Select correct option:

- Costs
- Technology
- Future expectations
- All of the given options

Correct

ECO404 Quiz # 4 SOLVED Fall 2012

Solved and attempted by: MSBA_124, Abdul Saboor, Ulfat Jafery, Sweet Poison, Khurram Saeed, Usman Alvi, Haroon Rafiq, Muhammad Ali

---

Question # 14 of 20 (Start time: 04:45:08 PM)

Public utilities are an example of:

Select correct option:

- Perfect competition
- Natural monopoly Correct
- Monopolistic competition
- Oligopoly

Question # 15 of 20 (Start time: 04:46:12 PM)

Which of the following will happen if there is a decrease in input prices for the firm?

Select correct option:

- Cost function w ill shift upw ard
- Cost function w ill shift dow nw ard
- Production w ill increase Correct

- [ ] None of the given options

Question # 16 of 20 (Start time: 04:47:01 PM)

The concept of the prisoners' dilemma can be used to analyze:

Select correct option:

- [ ] Only price competition in oligopolistic markets
- [ ] Only non price competition in oligopolistic markets
- [x] Both price and non price competition in oligopoly markets — Correct
- [ ] Monopoly pow er in monopoly markets

Question # 17 of 20 (Start time: 04:48:06 PM)

The quantity of a good or service that producers are willing and able to sell during a certain period of time is known as:

Select correct option:

- [ ] Demand

- [x] Supply — Correct
- [ ] Market demand
- [ ] Market supply

Question # 18 of 20 (Start time: 04:48:23 PM)

Which of the following computer soft wares are used to solve the problem of linear programming?

Select correct option:

- [ ] Fore Profit softw are
- [ ] LINDO
- [ ] MS Excel Solver
- [x] All of the given soft w ares — Correct

Question # 19 of 20 (Start time: 04:49:19 PM)

Out of pocket costs of firm are known as:

Select correct option:

- (selected) Explicit costs — Correct
- Implicit costs
- Total costs
- Opportunity costs

Question # 20 of 20 (Start time: 04:49:34 PM)

In the map of Isoquants, a higher Isoquant shows:

Select correct option:

- (selected) Higher level of output — Correct
- Higher level of input
- Higher level of price
- Higher level of satisfaction