

BA5101- Economics Analysis For Business

2 Marks Question with Answer

Unit- I

1. What is economics?

The study of how societies use scarce resources to produce valuable commodities and distribute them among different people.

2. Define wealth?

According to Adam Smith the main purpose of all economic activities is to acquire as much wealth as possible.

3. Define scarcity?

According to Robbins "Economics is the science which studies human Behavior as a relationship between ends and scarce means which have alternative uses".

4. Define growth?

"Economics is the study of how men and society end up choosing, with or without the use of money, to employ scarce productive resources that could have alternative uses, to produce various commodities and distribute them for consumption, now or in future amount various people and groups in society. It analyses the cost benefits and improving patterns of resources allocation".

5. What are the forms of utility?

Form utility, Place utility, Time utility, Service utility, Knowledge utility, Nature utility.

6. What are the forms of wealth?

Individual wealth, Social wealth, National or real wealth, International wealth, Financial wealth.

7. What is deductive methods?

J. S. Mill too advocated the use of the deductive method in his "Essays on son unsettled questions on political economy.

8. What are the fundamental problems of economy?

1. What to produce
2. How to produce
3. For whom to produce
4. Are the resources economically used
5. Problems of full employment
6. Problem of growth

9. What are the methods of economics?

- Deductive method
- Inductive method

10. What is meant by Micro Economics?

Micro Economics deals with the analysis of small individual units of an economics such as individual, consumers, individual firms, individual industries and markets.

11. What is externality?

Activities that affect others for better or worse, without those others paying or being compensated for the activity. Externalities exist when private costs or benefits do not equal social costs or benefits. The two major species are external economics and external diseconomies.

12. What are role of government in the Macro Economy?

- Fiscal policy
- Monetary policy
- Growth policies

13. What is market economy?

An economy in which the what, how, and for whom questions concerning resource station are primarily determined by supply and demand in markets. In this form of economic organization, firms, motivated by the desire to maximize profits, buy inputs and produce and sell outputs. Households, armed with their factor incomes, go to markets and determent the demand for commodities. The interaction of firms' supply and households demand then determines the prices and quantities of good.

14. What is inductive method?

This method insists on the examination of facts and then laying down general principles. Here one has to go up from particulars to generals.

15. Production possibility frontier

A graph showing the menu of goods that can be produced by an economy. In a frequently cited case, the choice is reduced to two goods, guns and butter. Points outside the PPF are unattainable. Points inside it are inefficient since resources are not being fully employed. Resources are not being used properly, or outdated production techniques are being utilized.

16. What is meant by globalization?

If a country owes a lot to some other country's financial institutions or depends on imports for essentials, it may not be able to enjoy freedom in its policy making.

www.binils.com