Transportation Economics: Theory and Practice

Q.1. When the allocation of resources is Pareto efficient,

1. society is providing the greatest good to the greatest number.
2. no consumer would prefer someone else's consumption bundle to his or her own.
3. it is not feasible to make someone better off without making someone worse off.
4. it is feasible to make someone better off without making someone worse off.

Answer (4)

Q.2. For divisible goods case; T is transport and x is all other goods, A consumer reaches the point of equilibrium when;

1. $MRS_{Tx}>P_T/P_x$
2. $MRS_{Tx}<P_T/P_x$
3. $MRS_{Tx}=P_T/P_x$
4. none of these

Answer (3)

Q.3. Which one of the following is not an assumption of utility function in case of divisible goods case; T is transport and x is all other goods

1. completeness
2. transitive
3. nonsatiable
4. non consistency

Answer (4)

Q.4. For divisible goods case; T is transport and x is all other goods, the utility of consumption bundle A is 100 and the utility of consumption bundle B is 95. Then

1. the consumer prefers B over A
2. the consumer prefers A over B
3. the consumer will be indifferent
4. none of these

Answer (2)

Q.5. For divisible goods utility function; T is transport and x is all other goods, the consumers decision is based on

1. Extensive Margin
2. Excess Margin

3. Intensive Margin
4. Gross Margin

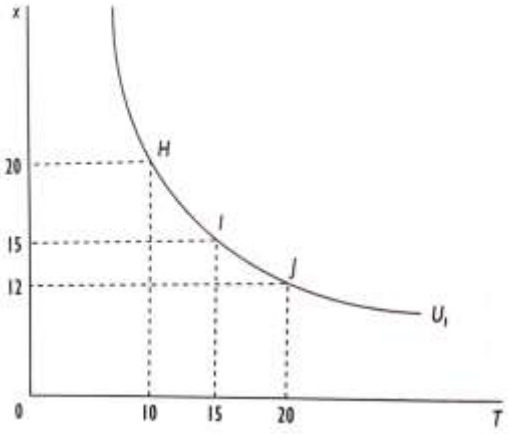
Answer (3)

Q.6. For discrete goods utility function; T_a and T_b are two transport modes and x is all other goods, the consumers decision is based on

1. Extensive Margin
2. Excess Margin
3. Inclusive Margin
4. Gross Margin

Answer (1)

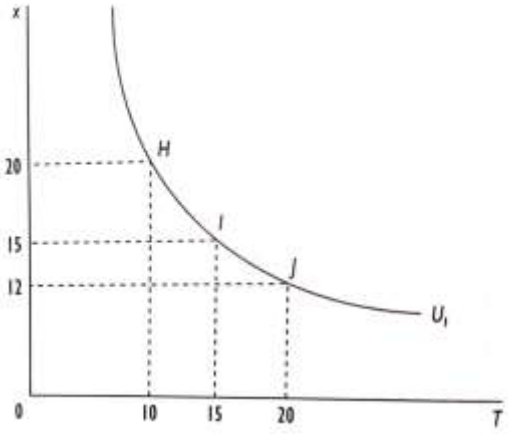
Q.7. For divisible goods utility function; T is transport and x is all other goods. If consumer moves from H to I,



1. The Marginal rate of Substitution falls
2. The Marginal rate of Substitution rises
3. There is no change in the marginal rate of Substitution
4. The marginal utility falls

Answer (1)

Q.8. For divisible goods utility function; T is transport and x is all other goods. If consumer moves from I to J, the marginal rate of substitution equals



1. 15/20
2. 0.75
3. 3/5
4. None of these

Answer (3)

Q.9. The market demand for transportation is the _____ of individual demands for transportation.

1. Vertical summation
2. Horizontal summation
3. Differentiation
4. None of these

Answer (2)

Q.10. Random Utility Model of Transportation Choice helps in understanding demand for Transport as a

1. Divisible Good
2. Discrete Good
3. Normal Good
4. Public Good

Answer (2)

Q.11. Probabilistic Choice Models help in understanding demand for Transport as a

1. Divisible Good
2. Discrete Good
3. Normal Good
4. Public Good

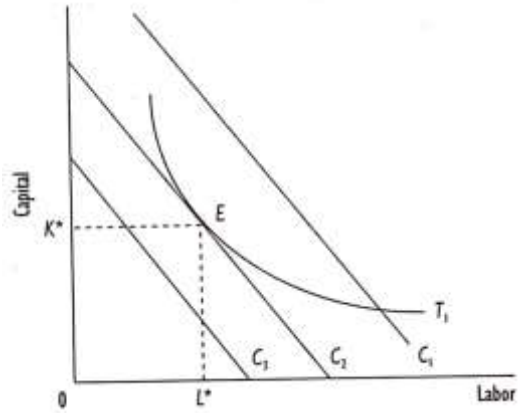
Answer (2)

Q.12. In Random Utility Models of Transportation Choice, all available alternatives are

1. Compliments
2. Substitutes
3. Perfect Compliments
4. None of these

Answer (2)

Q.13. The transport producer produces equilibrium output at E where it makes use of



1. Optimum quantities of K and L
2. Maximum quantities of K and L
3. Minimum quantities of K and L
4. None of the these

Answer (1)

Q.14. In short run the transport producer produces equilibrium output where

1. $MRS_{Tx} = P_T/P_x$
2. MRTS=w/r
3. MC=AC
4. None of these

Answer (2)

Q.15. A transport firm's returns to scale is $s = \frac{1}{E_{C,T}}$ where $E_{C,T}$ is elasticity of total cost. If $E_{C,T}$ is equal to one then firm will have

1. Increasing returns to scale
2. Decreasing returns to scale

3. Constant returns to scale
4. None of these

Answer (3)

Q.16. For long run market supply function for transport, which one of the below does not cause increase in supply

1. Increase in the number of transporters
2. Decrease in the price of inputs
3. Increase in subsidies given to Transport
4. Increase in Taxes on Transport

Answer (4)

Q.17. For long run market supply function for transport, which one of the below does not cause increase in supply

1. Increase in the number of transporters
2. Decrease in the price of inputs
3. Decrease in subsidies given to Transport
4. Decrease in Taxes on Transport

Answer (3)

Q.18. For long run market supply function for transport, which one of the below does not cause decrease in supply

1. Increase in the number of transporters
2. Increase in the price of inputs
3. Decrease in subsidies given to Transport
4. Increase in Taxes on Transport

Answer (1)

Q.19. For long run market supply function for transport, which one of the below does not cause decrease in supply

1. Decrease in the number of transporters
2. Increase in the price of inputs
3. Increase in subsidies given to Transport
4. Increase in Taxes on Transport

Answer (3)

Q. 20. For a transport firm, in short run, perfectly competitive equilibrium price

1. Equals SMC(T; w, r, γ, $\bar{K}$)
2. Is greater than SMC(T; w, r, γ, $\bar{K}$)
3. Is less than SMC(T; w, r, γ, $\bar{K}$)
4. None of these

Answer (1)

Q.21. In a perfectly competitive market for transport, in long run a firm's price at equilibrium

1. Equals LAC
2. Is greater than LAC
3. Less than LAC
4. None of these

Answer (1)

Q.22. A transport firm under perfectly competitive market attains

1. Efficient use of inputs
2. Efficient distribution of goods
3. Optimal mix of goods
4. All of these

Answer (4)

Q.23. The regulation of transport generates

1. Effect on user welfare
2. Effect on the quality of service
3. Effect on profits
4. All of these

Answer (4)

Q.24. Transport firms annually faces

1. Opportunity cost of capital
2. Depreciation Cost
3. Obsolescence Cost
4. All of these

Answer (4)

Q.25. If the net present value for a transport firm is greater than zero then the firm should

1. Be indifferent about investment
2. Undertake Investment

3. Reject Investment
4. Quit the market

Answer (2)