

PART A : ECONOMICS (60 MARKS)

1. Which of the following statements does not apply to a market economy ?
 - (a) Firms decide whom to hire and what to produce.
 - (b) Firms aim at maximizing profits.
 - (c) Households decide which firms to work for and what to buy with their incomes.
 - (d) Government policies are the primary forces that guide the decisions of firms and households.

2. Suppose the price of movies seen at a theatre rises from Rs. 120 per person to Rs. 200 per persons. The theatre manager observes that the rise in price causes attendance at a given movie to fall from 300 persons to 200 persons. What is the price elasticity of demand for movies ? (Use Arc Elasticity Method)
 - (a) 0.5
 - (b) 0.8
 - (c) 1.0
 - (d) 1.2

3. Suppose a firm is producing a level of output such that $MR > MC$, what should be firm do to maximize its profits ?
 - (a) The firm should do nothing.
 - (b) The firm should hire less labour.
 - (c) The firm should increase price
 - (d) The firm should increase output.

4. Which of the following statements is true?
 - a) Capital Formation involves production of more capital goods
 - b) Capital formation is also called investment
 - c) To accumulate capital goods, some current consumption is to be sacrificed
 - d) All the above

5. All of the following are within the scope of Business Economics except _____
 - a) Capital Budgeting
 - b) Risk Analysis
 - c) Business Cycles
 - d) Accounting Standards

6. Fall in the level of investments, fall in production, fall in employment, fall in stock prices, etc. are found during _____ phase of business cycle
 - a) Expansion
 - b) Boom
 - c) Peak
 - d) Contraction

7. Who developed the Delphi technique of forecasting demand ?
 - (a) Olaf Helmer
 - (b) Alfred Marshall
 - (c) Adam smith
 - (d) David Ricardo

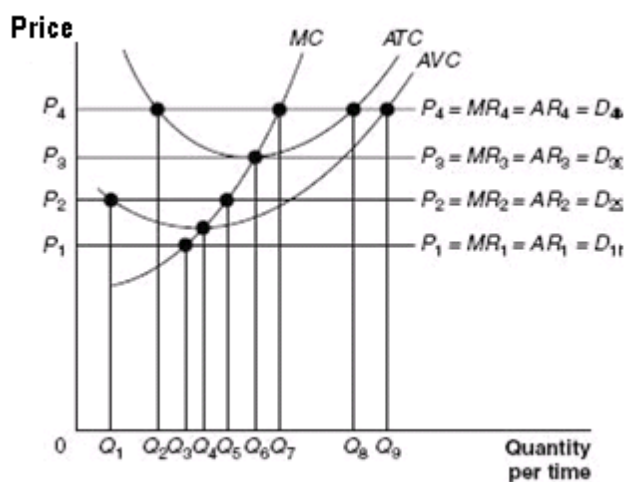
8. Which one is not an assumption of the theory of demand based on analysis of indifference curves ?
- (a) Given scale of preferences as between different combinations of two goods.
 - (b) Diminishing marginal rate of substitution.
 - (c) Constant marginal utility of money.
 - (d) Consumers would always prefer more of a particular good to less of it, others things remaining the same.
9. An increase in demand for a commodity causes _____
- a) An increase in equilibrium price
 - b) An increase in equilibrium quantity
 - c) Both a & b
 - d) None of these
10. The risk like change in demand for a commodity, the cost structure, fashion, technological, etc. which an entrepreneur has to bear are called _____
- a) Uncertainties
 - b) Insurable risks
 - c) Foreseeable risk
 - d) Both 'a' and 'c'
11. If the population growth rate is higher than the economic growth rate it will result in _____
- a) Higher income; lower saving; lower employment
 - b) Lower income; lower saving; lower investment
 - c) Higher investment; lower income; higher saving
 - d) Lower income; lower saving; higher employment
12. It is assumed in economic theory that
- (a) decision making within the firm is usually undertaken by managers, but never by the owners.
 - (b) the ultimate goal of the firm is to maximise profits, regardless of firm size or type of business organisation.
 - (c) as the firm's size increases, so do its goals.
 - (d) the basic decision making unit of any firm is its owners.
13. Which of the following is considered as a dis-advantage of allocating resources in a capitalist economy?
- a) Income will tend to be unevenly distributed
 - b) People do not get goods of their choice
 - c) Men of initiative and enterprise are not rewarded
 - d) Profits will tend to be low
14. Understanding the business cycle is important for business managers because _____
- a) They affect the demand for their products
 - b) They affect their profits
 - c) To frame appropriate policies and forward planning
 - d) All the above

15. Contraction of supply is the result of :
- (a) decrease in the number of producers.
 - (b) decrease in the price of the good concerned.
 - (c) increase in the prices of other goods.
 - (d) decrease in the outlay of sellers
16. Perfectly elastic demand curve implies that _
- a) The firm has no control over price
 - b) The firm can sell any quantity at the ruling price
 - c) The firm is price taker and output adjuster at ruling price
 - d) All a, b, and c
17. Which of the following indicates fixed costs?
- a) Electricity Bill
 - b) Wages to daily labourers
 - c) Expenses on transportation
 - d) Interest on fixed capital
18. Positive economics concerns _____
- a) What should be
 - b) What is
 - c) Both (a) and (b)
 - d) What ought to be
19. The income elasticity of tomatoes is 0.25, it means tomatoes are :
- (a) inferior goods
 - (b) luxury goods.
 - (c) normal goods
 - (d) can't say
20. The main difference between the short period/run and the long period/run is that ____
- a) In the short period all inputs are fixed, while in the long period all inputs are variable
 - b) In the short run at least one input is fixed
 - c) In the short run firm varies the quantities of all inputs
 - d) In the long run, the firm uses the existing plant capacity
21. When demand is elastic, Marginal Revenue is _____
- a) Negative
 - b) Positive
 - c) Zero
 - d) One
22. When the demand for a commodity does not change with the increase in its price from Rs. 2 to Rs. 5, then elasticity of demand is _____
- a) $Ed = \infty$
 - b) $Ed = 0$
 - c) $Ed < 1$
 - d) $Ed < 1$
23. Long term demand forecasting is generally useful in _____ decisions.
- (a) significant
 - (b) strategic
 - (c) operational
 - (d) tactical

24. Monopolistic competition differs from perfect competition primarily because
- (a) in monopolistic competition, firms can differentiate their products.
 - (b) in perfect competition, firms can differentiate their products.
 - (c) in monopolistic competition, entry into the industry is blocked.
 - (d) in monopolistic competition, there are relatively few barriers to entry.
25. The reason for increasing returns to factor is ____
- a) Indivisibility of fixed factor
 - b) Division of labour
 - c) Specialization
 - d) All the above
26. Production of new and better goods and services using new technology results in ____
- a) Expansion of employment
 - b) Increase in the income and profits
 - c) Boost to economy
 - d) All the above
27. Micro economics is also known as _____
- a) Price theory
 - b) Slicing method
 - c) Value theory
 - d) Both (a) and (b)
28. The point where $P = AC$ is called _____
- a) Profit earning point
 - b) Loss making point
 - c) Breakeven point
 - d) Shut down point
29. A fixed input is defined as
- (a) That input whose quantity can be quickly changed in the short run, in response to the desire of the company to change its production.
 - (b) That input whose quantity cannot be quickly changed in the short run, in response to the desire of the company to change its production.
 - (c) That input whose quantities can be easily changed in response to the desire to increase or reduce the level of production.
 - (d) That input whose demand can be easily changed in response to the desire to increase or reduce the level of production.
30. The production function :
- (a) Is the relationship between the quantity of inputs used and the resulting quantity of product.
 - (b) Tells us the maximum attainable output form a given combination of inputs.
 - (c) Expresses the technological relationship between inputs and output of a product.
 - (d) All the above

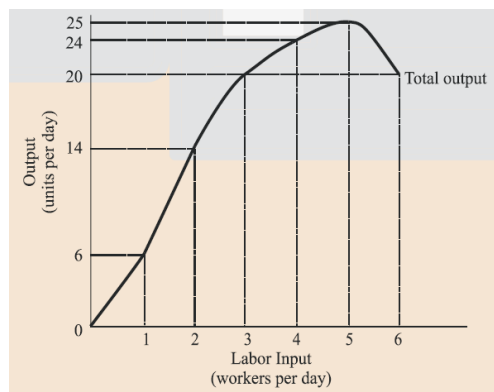
31. The phrase "Other things being equal" in the Law of Demand means ____
- Income of the consumer remain unchanged
 - Price of related goods remain unchanged
 - Tastes and preference of consumer remain unchanged
 - All the above
32. The kink occur at-
- Any price
 - Prevailing price
 - Any quantity
 - To be determined price
33. When _____, then will be allocative efficiency meaning thereby that the cost of the last unit is exactly equal to the price consumers are willing to pay for it and so that the right goods are being sold to the right people at the right price.
- (a) $MC = MR$ (b) $MC = AC$ (c) $MC = AR$ (d) $AR = MR$
34. If the expenditure to be done on purchase of factors increases, the prices of both inputs remaining the same, the firm's isocost line will ____
- Shift downward
 - Shift upward
 - Remain the same
 - None of the above
35. "During the boom periods when aggregate demand, national income and price are high, entrepreneurs tend to make high profit". This statement shows—
- Effect of micro-economic variables on macro variable
 - Effect of macro-economic variables on micro variable
 - Inter-dependence of micro and macro economics
 - Both (b) and (c)
36. Economic recession shares all of these characteristics except.
- Fall in the levels of investment, employment
 - Incomes of wage and interest earners gradually decline resulting in decreased demand for goods and services.
 - Investor confidence is adversely affected and new investments may not be forthcoming
 - Increase in the price of inputs due to increased demand for inputs
37. Which of the following statements about price elasticity of demand is correct ?
- Price elasticity of demand is a measure of how much the quantity demanded of a good responds to a change in the price of that good.
 - Price elasticity of demand is computed as the percentage change in quantity demanded divided by the percentage change in price.
 - Price elasticity of demand in the long run would be different from that of the short run.
 - All the above.

38. Capital is a _____ concept which yields a periodical income which is a _____ concept.
- flow, stock
 - stock, flow
 - flow, flow
 - stock, stock
39. During boom period in economy, the demand for goods in general _____
- Rises
 - Falls
 - Remains same
 - None of these
40. Who opined that managers of a corporate firm try to maximize the firm's balanced growth rate ?
- Baumol
 - R. L. Marris
 - Herbert Simon
 - Williamson
41. High rate of investment brings _____
- High level of employment
 - Increase in the aggregate demand
 - Increase in output
 - All the above
42. _____ method of forecasting is useful in use of capital goods.
- Collective opinion
 - Expert opinion
 - Barometric
 - Survey of buyer's intention
43. At price, P_1 , the firm in the figure would produce



- (a) Zero output (b) Q_3 (c) Q_5 (d) Q_6

44. An entrepreneur must recover his _____ cost if he wants to earn normal and abnormal profits
- Accounting
 - Implicit
 - Economic
 - All the above
45. When aggregate economic activity is declining, the economy is said to be in
- Contraction
 - an expansion
 - a trough
 - a turning point
46. If the construction activity in housing sector, infrastructure, etc. rises, the demand for cement will _____ as it has _____ demand
- Rise; autonomous
 - Fall; autonomous
 - Rise; derived
 - None of these
47. The demand curve of a monopoly firm will be _____
- Upward sloping
 - Downward sloping
 - Horizontal
 - Vertical
48. Use the following diagram to answer the question given below it



- The marginal physical product of the third unit of labour is _____, the MP of the _____ labour is Negative
- Six; fourth
 - Six; third
 - six; fifth
 - Six; - sixth
49. If the value of coefficient of price elasticity of demand is less than one, then marginal revenue is _____ .
- positive
 - negative
 - zero
 - data is insufficient
50. The economic system in which all the means of production are owned and controlled by private individuals for profit is known as .
- Socialism
 - Capitalism
 - Mixed economy
 - Communism

51. The price of a commodity decreases from Rs. 6 to Rs. 4 and the quantity demanded of the good increases from 10 units to 15 units, find the coefficient of price elasticity. (Use Proportionate/Percentage formula)
(a) 1.5 (b) 2.5 (c) -1.5 (d) 0.5
52. Which of the following statements is incorrect ?
(a) The LAC curve is also called the planning curve of a firm
(b) Total revenue = price per unit \times number of units sold.
(c) Opportunity cost is also called alternative cost.
(d) If total revenue is divided by the number of units sold we get marginal revenue.
53. Which of the following is/are example(s) of natural monopoly?
(a) telephone service
(b) natural gas supply
(c) electrical power distribution
(d) all of these
54. The sale of branded goods is common situation is case of ____
a) Perfect competition
b) Monopolistic competition
c) Monopoly
d) Pure competition
55. _____ is a tabular presentation showing different quantities demanded by buyers at different levels of prices in a given period.
a) Supply Schedule
b) Demand Schedule
c) Production Schedule
d) Cost Schedule
56. The trough of a business cycle occurs when _____ hits its lowest point
a) The money supply
b) The employment level
c) Inflation in the economy
d) Aggregate economic activity
57. Which of the following statements is incorrect ?
(a) Under monopoly there is no difference between a firm and an industry.
(b) A monopolist may restrict the output and raise the price
(c) Commodities offered for sale under a perfect competition will be heterogeneous.
(d) Product differentiation is peculiar to monopolistic competition.
58. The marginal cost for a firm of producing the 9th unit of output is Rs. 20. Average cost at the same level of output is Rs. 15. Which of the following must be true ?
(a) marginal cost and average cost are both falling.
(b) marginal cost and average cost are both rising
(c) marginal cost is rising and average cost is falling
(d) it is impossible to tell if either of the curves are rising or falling

59. The quantity supplied of a good or service is the amount that
- (a) is actually bought during a given time period at a given price.
 - (b) producers wish they could sell at a higher price.
 - (c) producers plan to sell during a given time period at a given price.
 - (d) people are willing to buy during a given time period at a given price.
60. What implication(s) does resource scarcity have for the satisfaction of wants ?
- (a) Not all wants can be satisfied.
 - (b) We will never be faced with the need to make choices.
 - (c) We must develop ways to decrease our individual wants.
 - (d) The discovery of new natural resources is necessary to increase our ability to satisfy wants.

PART B: BUSINESS AND COMMERCIAL KNOWLEDGE (40 MARKS)

61. Trading implies buying for the purposes of selling. Applying this criterion, tell which of the following activities would not qualify as trading ?
- (a) Purchase of goods in bulk quantity from the manufacturer and sale in smaller quantities to the retailers
 - (b) Buying from the wholesaler and selling it to the consumers
 - (c) Buying from the retailer for self – consumption
 - (d) Purchase of raw materials from the suppliers for further processing in the factory
62. Trends relate to :
- (a) Happening of events in internal Environment
 - (b) Grouping of similar or related events
 - (c) Demands made by Interested group
 - (d) None of the above
63. The process by which a legislative proposal is brought before a law making body and then translated into the law of the land is called_____.
- (a) Policy Drafting
 - (b) Law Making
 - (c) Presenting the Law
 - (d) None of the Above
64. Sustainable development / businesses imply :
- (a) Consistent economic performance
 - (b) Attention to social problems
 - (c) Harmony with nature
 - (d) All of the above
65. Gujarati's are known for :
- (a) Creative ability
 - (b) Business acumen
 - (c) Lavish life style
 - (d) Being artists

66. Which of the following is not a factor of Demographic Environment ?

- (a) Ethnic Mix (b) Legal
(c) Population size (d) Geographic Distribution

67. When was IRDAI constituted ?

- (a) 1997 (b) 1998 (c) 1999 (d) 2000

68. The mission of which transnational company is 'Good Food, Good Life ?

- (a) Tata Group (b) Reliance Fresh
(c) Nestle (d) Starbucks

69. Which of the following is not a subsidiary of NTPC ?

- (a) Kanti Bijlee Utpadan Nigam Limited.
(b) Patratu Vidyut Utpadan Nigam Limited
(c) Bhartiya Rail Bijlee Company Limited
(d) Kalinga Bidyut Prasaran Nigam Private Limited

70. What is a Nominal Account ?

- (a) An account of each person or firm with whom the trader deals
(b) An account of each head of expense or source of income
(c) An account of each property or possession dealt in by the trader in his business
(d) None of these

71. The form of privatization, where government keeps hold of responsibility and private enterprise handles the management of it fully or partly is known as :

- (a) Disinvestment
(b) Deregulation
(c) Delegation
(d) Decentralization

72. SEBI has several functions rolled into one body. Which one of the following is not the function of SEBI ?

- (a) Quasi – legislative (b) Quasi – judicial
(c) Quasi – professional (d) Quasi – executive

73. Which of the following is an advantage of joint ownership ?

- (a) Quick Decisions (b) Pooling of Capital
(c) Personal Interest (d) All the Above

74. Demand Deposits are those which can be withdrawn :
- (a) On Request (b) On Sanction by Manager
(c) On Demand (d) On Persuasion
75. The following statement relates to which strategic response approach to the environment :
- They seek to monitor the changes in that environment, analyse their impact on their own goals and activities and translate their assessment in terms of specific strategies for survival, stability and strength.
- (a) Proceed with caution (b) Least resistance
(c) Dynamic response (d) Static Response
76. SEBI has its Western Regional Office in:
- (a) Pune
(b) Mumbai
(c) Ahmedabad
(d) Surat
77. After independence, India followed a :
- (a) Socialistic Path of Development
(b) Commonwealth Model of Growth
(c) Mixed Economic path
(d) Capitalistic Model of Development
78. Which IT company acquired Beats Electronics in 2014 ?
- (a) Microsoft Corporation (b) Apple
(c) Intel Corporation (d) IBM Corporation
79. As the percentage of all sales within a market that is held by One brand/product or company is _____.
- (a) Market Population (b) Market Potential
(c) Market Share (d) None of the Above
80. Perceiving the needs of the external environment and catering to them, satisfying the expectations and demands of the clientele groups is :
- (a) Reciprocal agreement (b) Interdependent process
(c) Management process (d) Interaction process
81. The type of factoring under which the factor collects back from the seller the amount paid by him in case of non – payment of the bills on the due date is called :
- (a) Recourse factoring (b) Non – recourse factoring

- (c) Bills discounting (d) Bills Purchased
82. The process by which a legislative proposal is brought before a law making body and then translated into the law of the land is called_____.
- (a) Policy Drafting (b) Law Making
(c) Presenting the Law (d) None of the Above
83. Forms of business organisation are_____ in which a business enterprise may be organized and operated.
- (a) social forms (b) General Forms
(c) Legal forms (d) Nationalised forms
84. Who is the custodian of the nation's foreign exchange reserves?
- (a) Central Government of India
(b) President of India
(c) Reserve Bank of India
(d) State Bank of India
85. Which gas company owns India's largest pipeline network?
- (a) Gail (India) Ltd. (b) Bharat Petroleum Corporation Ltd.
(c) Reliance Industries Ltd. (d) ONGC
86. Rate of interest on commercial borrowings of our country from abroad are reckoned with reference to LIBOR. And LIBOR denotes the
- (a) Minimum rate of discount given by the bank of England
(b) Interest rate charged by the International monetary fund
(c) Interest rate charged by the World Bank on its loans
(d) Basic interest rate on interbank loans in London
87. Read the following three statements :
- (i) The environment is constantly changing in nature.
(ii) Various environmental constituents exist in isolation and do not interact with each other.
(iii) The environment has a far reaching impact on organizations.
- From the combinations given below select an alternative that represents statements that are true :
- (a) (i) and (ii) (b) (ii) and (iii)
(c) (i) and (iii) (d) (i), (ii) and (iii)

88. NABARD is the most important institution in the country which looks after the development of the
- Cottage industry,
 - Small industry
 - Village industry
 - All of the above
89. In case of NOCIL (National Organic Chemicals Industries Limited), the Reliance Industries Limited as a private enterprise expanded and gradually displaced the government entity. It was a case of :
- Partial Disinvestment
 - Complete Privatization
 - Delegation
 - Displacement
90. The liability of a minor is, limited to the extent of _____, in case of dissolution of a firm.
- His share in assets
 - His share in properties
 - His share in profit / loss
 - His share in the profit
91. Identify which of these is not a function of the Central Bank?
- Clearing arrangements among Banks
 - Implementing Government's monetary policy
 - Specifying Income Tax Rates
 - Custody of Cash Reserves
92. Sale of 50% stake in a PSU to a single Private sector company is an example of :
- Displacement of stake
 - Decentralization of Authority
 - Delegation of stake
 - Disinvestment to form a Joint venture
93. What is the Global banking platform by EdgeVerve Systems (Infosys) called?
- Mana
 - Finacle
 - Skava
 - Panaya Cloud Suite
94. Globalization of the world economy is achieved, quite obviously, by _____.
- Legalisation the national economics
 - Globalising the national economies
 - Privatising the national economies
 - Nationalising the national economies

95. Simultaneous purchase and sales of the same stock in two different markets is known as ?
- (a) Basket Trading (b) Badla
(c) Arbitrage (d) Marginal Trading
96. Identify the one which may be considered as a public policy :
- (a) A decision by a central government to purchase a fleet of cars
(b) An old building to be demolished by a municipal corporation
(c) All citizens are to be provided with biometric aadhar card
(d) Government passes a special resolution to change the name of a park
97. It is often _____ for a single individual to raise a huge amount of capital.
- (a) Easy (b) Sometimes easy & Sometimes difficult
(c) Beyond imagination (d) Difficult
98. Which of the following statements about IFCI is not true ?
- (a) It guarantees loans raised by the industrial concerns.
(b) It underwrites shares and debentures of the industrial concerns.
(c) IFCI has been a Private Financial institution since its inception.
(d) I – Fin is a subsidiary of IFCI.
99. Which year was Cadburys' incorporated?
- (a) 1824 (b) 1834 (c) 1844 (d) 1854
100. Perceiving the needs of the external environment and catering to them, satisfying the expectations and demands of the clientele groups is :
- (a) Reciprocal agreement
(b) Interdependent process
(c) Management process
(d) Interaction process