

PART A

ECONOMICS

1. Which of the following is an economic activity ?
 - (a) Listening of music on the radio
 - (b) Teaching one's own son at home
 - (c) Medical Facilities rendered by a Charitable Dispensary
 - (d) A Housewife doing household duties
2. Demand analysis means –
 - (a) Technique of predicting future demand for goods and services.
 - (b) Study of behaviour of consumers in the market
 - (c) Analysis of the Market Structure and extent of competition
 - (d) Measurement and management of profits under conditions of uncertainty
3. Distribution and Sharing of National Product relates to the problem of –
 - (a) What to Produce
 - (b) How to Produce
 - (c) For whom to Produce
 - (d) How to provide for growth
4. The concept of "Competition" in a Capitalist Economy refers to –
 - (a) Competition among Sellers to sell their goods
 - (b) Competition among Buyers to obtain goods to satisfy their wants.
 - (c) Both (a) and (b)
 - (d) Neither (a) nor (b)
5. In a Mixed Economy, the Private Sector –
 - (a) are absolute free to make any type of decisions.
 - (b) works only for social objectives
 - (c) is regulated directly and / or indirectly by Government

- (d) does not exist at all.
6. Which of the following is an assumption under Cardinal Approach to Utility Analysis ?
- (a) Measurability of Utility in monetary terms
 - (b) Change in Marginal Utility of Money
 - (c) Utility arises even at zero consumption
 - (d) All of the above
7. The Total Utility that Shyam derives after having 4 Mangoes is 10, and the Total Utility on consuming 5 Mangoes is 9. What is the Marginal Utility for 5th mango ?
- (a) 1
 - (b) 0
 - (c) - 1
 - (d) ± 1
8. The Law of Diminishing Marginal Utility is based on the assumption that the habits and tastes of the consumer –
- (a) Must remain unchanged
 - (b) Changes in the short run
 - (c) Both (a) and (b)
 - (d) Nothing can be said
9. The Law of Equi – Marginal Utility applies because –
- (a) The Consumer will try to maximize his satisfaction
 - (b) There may be substitutes available in the market for every product
 - (c) Consumer will substitute one item for the other such that his $MU = Price$ for all items.
 - (d) All of the above
10. From which of the following the concept of consumer's surplus has been derived –
- (a) Law of diminishing marginal utility
 - (b) Law of demand
 - (c) Law of supply
 - (d) Indifference curve analysis

11. In case of two or more products, a Consumer reaches equilibrium when –
- (a) $MU_x/P_x = MU_y/P_y$
 - (b) $MU_x \times P_x = MU_y \times P_y$
 - (c) $MU_x + P_x = MU_y + P_y$
 - (d) $MU_x/P_y = MU_y/P_x$
12. The Indifference Curve Approach does not assume –
- (a) Rationality on the part of consumers
 - (b) Ordinal Measurement of satisfaction
 - (c) Consistent consumption pattern behaviour of consumers
 - (d) Cardinal Measurement of Utility
13. The Marginal Utilities of Product A and Product B are 300 and 450 at equilibrium respectively. If the price of the product B is Rs. 60, what is the price of Product A at equilibrium level ?
- (a) Rs. 45
 - (b) Rs. 90
 - (c) Rs. 40
 - (d) Rs. 50
14. Demand arises in respect of –
- (a) Socially desirable goods, e.g. food, clothing
 - (b) Harmful goods, e.g. liquor, cigarettes, etc.
 - (c) Both (a) and (b)
 - (d) Neither (a) nor (b)
15. Market Demand is the sum total of –
- (a) All quantities that Producers can produce
 - (b) All quantities actually sold in the market
 - (c) All quantities demanded by individual householders and consumers
 - (d) All of the above
16. If X and Y are Complementary Goods, the price of X and the Demand of Y are –
- (a) directly related
 - (b) inversely related

- (c) proportionally related
 - (d) any of the above
17. Which of the following Statements is not true about Individual Demand ?
- (a) The decision to purchase is always influenced by the Income Constraint.
 - (b) Selection of products and services are based on the Opportunity Cost.
 - (c) Consumers measure their Opportunity Cost in terms of the price they pay for the products and services they forego.
 - (d) Decision to purchase is never influenced or concerned with the Income Constraint.
18. Why is the Demand Curve otherwise known as the Average Revenue Curve ?
- (a) Price paid for each unit by the Consumer, is the Average Revenue per unit for the Seller
 - (b) Price paid for each unit by the Consumer, is the Total Revenue for the Seller.
 - (c) Price paid by Consumer is equal to the Seller's willingness to sell the product.
 - (d) All of the above
19. The total effect of a price change of a commodity is
- (a) Substitution Effect + Price Effect
 - (b) Substitution Effect + Income Effect
 - (c) Substitution Effect + Demonstration Effect
 - (d) Substitution Effect minus Income Effect
20. In case of Giffen Goods, Demand Curve will slope –
- (a) Upward
 - (b) Downward
 - (c) Horizontal
 - (d) Vertical
21. A movement along the Demand Curve for soft drinks is best described as –
- (a) Increase in Demand
 - (b) Decrease in Demand
 - (c) Change in quantity demanded
 - (d) Change in Demand

22. Suppose consumer tastes shift toward the consumption of apples. Which of the following statements is an accurate description of the impact of this event on the market for apples ?
- (a) There is an increase in quantity demand of apples and in supply of apples.
 - (b) There is an increase in the demand and supply of apples.
 - (c) There is an increase in the demand for apples and a decrease in supply of apples.
 - (d) There is an increase in the demand for apples and an increase in the quantity supplied
23. A demand curve parallel to y –axis implies ($E_p = \text{price elasticity}$)
- (a) $E_p = 0$
 - (b) $E_p = 1$
 - (c) $E_p < 1$
 - (d) $E_p > 1$
24. If Electricity Demand is inelastic, and electric rates increase, which of the following is likely to occur ?
- (a) Quantity demanded will fall by a relatively large amount
 - (b) Quantity demanded will fall by a relatively small amount
 - (c) Quantity demanded will rise in the short run, but fall in the long run
 - (d) Quantity demanded will fall in the short run, but rise in the long run
25. Demand for a product will tend to be more inelastic if it exhibits which of the following characteristics ?
- (a) The product has many substitutes
 - (b) The product is a luxury (as opposed to a necessity)
 - (c) The product is a small part of the Consumer's income
 - (d) There is a great deal of time for the consumer to adjust to the change in prices
26. If a shop raises the price of a product from Rs. 60 to Rs. 100 and quantity demanded falls from 400 units to 300 units, the Price Elasticity of Demand is – (use percentage method)
- (a) 0.667
 - (b) 0.500

- (c) 1.000
 - (d) 0.375
27. An increase in price will result in an increase in Total Revenue if –
- (a) Percentage Change in quantity demanded is less than the Percentage Change in Price
 - (b) Percentage Change in quantity demanded is more than Percentage Change in price
 - (c) Demand is elastic
 - (d) Consumer is operating along a Linear Demand Curve at a point at which the price is very high and the quantity demanded is very low
28. What will be the Slope of Demand Curve when it shows the Cross Elasticity between two Complementary Goods ?
- (a) Negative
 - (b) Positive
 - (c) Horizontal
 - (d) None of these
29. Stock refers to quantity that _____ into the market, whereas Supply refers to quantity that is _____ into the market.
- (a) Actually brought, actually brought
 - (b) Can be brought, actually brought
 - (c) Actually brought, can be brought
 - (d) Can be brought, can be brought
30. Other things being equal, the quantity supplied of a product is _____ related to its price.
- (a) Directly
 - (b) Inversely
 - (c) Proportionally
 - (d) Not at all
31. As per Law of Supply, Other things being equal, there is a _____ between Price and Quantity Supplied.
- (a) Direct relationship
 - (b) Inverse relationship

- (c) Proportional relationship
 - (d) No relationship
32. Which of the following factors will not result in the shifting of Supply Curve for Software Packages ?
- (a) Increase in the wages of computer professionals
 - (b) Government tariffs on software exports and imports
 - (c) Fall in the prices of software packages
 - (d) All of the above result in the shifting of the curve
33. Other things being equal, as Demand increases
- (a) Equilibrium Price and Quantity both increase.
 - (b) Equilibrium Price and Quantity both decrease.
 - (c) Equilibrium Price Increases and Quantity decreases.
 - (d) Equilibrium Price decrease and Quantity increases.
34. If decrease in demand is less than the decrease in supply, then –
- (a) Equilibrium Price and Quantity both increase.
 - (b) Equilibrium Price and Quantity both decrease.
 - (c) Equilibrium Price increases and Quantity decreases.
 - (d) Equilibrium Price decreases and Quantity increases.
35. Production is defined as
- (a) Creation of matter
 - (b) Creation of utility
 - (c) Creation of infrastructural facilities
 - (d) None of these
36. Place Utility involves Changing the place of the resources, from the place where they are of use, to another place where they are of use.
- (a) Lesser, greater
 - (b) Greater, lesser
 - (c) Specific, general
 - (d) General, specific

37. As a Factor of Production, "Land" is a means of Production.
- (a) Original
 - (b) Produced
 - (c) Derived
 - (d) Monetary
38. Which is not a characteristic of labour ?
- (a) Labour is not separable from labourer
 - (b) Labour is perishable
 - (c) Labour is not a perfectly mobile factor
 - (d) Labour is an active factor
39. If a Resource is being used for generating further revenue, it will constitute –
- (a) Wealth
 - (b) Capital
 - (c) Both (a) and (b)
 - (d) Neither (a) nor (b)
40. Capital Formation is required for –
- (a) Increasing the efficiency of production efforts
 - (b) Expansion of output of consumer goods in the future.
 - (c) Ensuring growth of the economy
 - (d) All the above
41. Entrepreneur –
- (a) Is the catalyst in the process of using the factors of production.
 - (b) Gives direction to the usage of other factors of production.
 - (c) Both (a) and (b)
 - (d) Neither (a) nor (b)
42. Which of the following activities cannot take place in the short – run ?
- (a) Changing the quantity of labour employed
 - (b) Changing the input combination
 - (c) Regular maintenance of the Plant to ensure efficient production

- (d) Installation of an Additional Plant to meet future requirements
43. When 50 hours of Labour are spent, total output quantity is 2,000 units. When 55 hours of Labour are spent, total output quantity is 2,250 units. Here, Marginal Product will be –
- (a) 2,250
 - (b) 2,000
 - (c) 250
 - (d) 50
44. When Average Product (AP) decreases as a result of an increase in the quantity of variable input –
- (a) $MP < AP$
 - (b) $MP = AP$
 - (c) $MP > AP$
 - (d) There is no relationship between MP and AP
45. Which of the following is not an assumption in the Law of Variable Proportions ?
- (a) There are no perfect substitutes for the Fixed Factor
 - (b) Only one factor input is considered variable, while all other factors are fixed.
 - (c) State of Technology is improved as more output is produced
 - (d) Only physical quantities of inputs and outputs are considered
46. Which of these is a reason for the operation of Law of Increasing Return ?
- (a) Specialisation of functions
 - (b) Division of Labour
 - (c) Effective use of fixed Factor of Production
 - (d) All of the above
47. Diminishing Marginal Returns implies –
- (a) Decreasing Average Variable costs
 - (b) Decreasing Marginal Costs
 - (c) Increasing Marginal Costs
 - (d) Decreasing Average Fixed Costs

48. Diseconomies of Scale refer to –
- (a) Forces which reduce the Average Cost of producing a product as the Firm expands the size of its Plant
 - (b) Forces which reduce the Marginal Cost of producing a product as the Firm expands the Size of its Plant
 - (c) Forces which increase the Average Cost of producing a product as the Firm expands the Size of its Plant
 - (d) Forces which increase the Marginal Cost of producing a product as the Firm the Size of its Plant
49. Implicit Costs includes –
- (a) Interest on own Capital invested by Entrepreneur
 - (b) Rent of Entrepreneur's own premises used in business
 - (c) Salary to Entrepreneur he would have earned in an alternative employment
 - (d) All of the above
50. Suppose you find Rs. 100. If you choose the to use Rs. 100 to go to a football match, your opportunity cost of going to the game is _____.
- (a) nothing, because you found the money
 - (b) Only The value of your time spent at the game + The Expected Normal Interest / return on Rs. 100.
 - (c) Rs. 100 (because you could have used the Rs. 100 to buy other things) plus the value of your time spent at the game, plus the cost of the dinner you purchased at the game.
 - (d) Rs. 100 (because you could have used the Rs. 100 to buy other things).
51. Which of the following describes the behaviour of Marginal Cost Curve ?
- (a) Declines first, reaches its minimum and then rises
 - (b) Rises first, reaches a maximum and then declines
 - (c) Remains constant throughout all output levels
 - (d) Nothing can be said
52. Which of the following is true with respect to Average Fixed Cost ?
- (a) It is a bell shaped Curve
 - (b) As the quantity increases it approaches zero
 - (c) If quantity produced tends to zero, Average Fixed Cost approaches infinity

- (d) Both (b) and (c) above
53. In the long – run, when there are infinite SAC Curves, the LAC curve will be –
- (a) Perpendicular to each SAC Curve
 - (b) Connecting the lowest points of each SAC Curve
 - (c) Smooth Curve, so as to be tangent to each of the SAC Curves
 - (d) All of the above
54. If Average Revenue (AR) = Rs. 30, price Elasticity of Demand (e) = 1.5, then MR will be
- (a) Rs. 10
 - (b) Rs. 20
 - (c) Rs. 30
 - (d) Nil
55. Under which of the following market structures is the price lower and output larger ?
- (a) Perfect competition
 - (b) Monopolistic Competition
 - (c) Monopoly
 - (d) Oligopoly
56. Which of the following is not a characteristic of a “Price Taker” ?
- (a) $TR = P \times Q$
 - (b) $AR = Price$
 - (c) Negatively – Sloped Demand Curve
 - (d) $Marginal Revenue = Price$
57. When different prices are charged by the Producer, from different customers, it is called
- (a) Demand Supply Equilibrium
 - (b) Price Discrimination
 - (c) Optimum Price Search
 - (d) Profiteering

58. 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
59. Kinked Demand curve under oligopoly is designed to show _____
- (a) Price & output
 - (b) Price rigidity
 - (c) Price & Leadership
 - (d) Collusion among rivals
60. Which of the following is not a characteristic of business cycles
- (a) Business cycles have serious consequences on the well being of the society.
 - (b) Business cycles occur periodically, although they do not exhibit the same regularity.
 - (c) Business cycles have uniform characteristics and causes.
 - (d) Business cycles are contagious and unpredictable.

PART B

BUSINESS AND COMMERCIAL KNOWLEDGE

61. Which of the following is not an economic objective of the firm ?
- (a) Sales growth
 - (b) Improvement in market share
 - (c) Profits and return on investment
 - (d) Conservation of natural resources
62. _____ is a type of enterprise that is owned and run by one natural person and in which there is no legal distinction between the Owner and the Business entity.
- (a) Sole Proprietorship
 - (b) Company
 - (c) LLP
 - (d) One Person Company

63. In which Country is the Headquarter of Deutsche Bank located ?
- (a) Germany,
 - (b) China,
 - (c) Holland,
 - (d) England
64. Which pharmaceutical company has the slogan 'caring for life' ?
- (a) Dr. Reddy's
 - (b) Lupin Ltd.
 - (c) Cipla Ltd.
 - (d) Sun Pharmaceutical Industries Ltd.
65. 'Good Food. Good Life' is tagline of which company ?
- (a) ITC,
 - (b) Nestle
 - (c) Walmart
 - (d) Idhayam
66. Where is the Headquarters of Cipla Limited ?
- (a) Chennai
 - (b) Kolkata
 - (c) New Delhi
 - (d) Mumbai
67. Who is the present CEO of Microsoft corporation ?
- (a) Satya Nadella
 - (b) Amy Hood
 - (c) Brain M. Krzanich
 - (d) Tim Cook
68. Who is the CFO of ICICI Bank ?
- (a) Rakesh Jha
 - (b) Bhuvan Chandra Tripathi
 - (c) ChandaKochar

- (d) None of the above
69. Which company was ranked 46th in “fortune 500 World’s Most Admired Companies” list of 2017 ?
- (a) Apple
- (b) Intel
- (c) IBM
- (d) Microsoft
70. L & T has over Subsidiaries ?
- (a) 130
- (b) 145
- (c) 115
- (d) 119
71. ‘My customer First’ is the Vision of which Bank ?
- (a) SBI
- (b) Axis Bank
- (c) HDFC Bank
- (d) Bank of Baroda
72. Business Environment represents _____ forces that exert some degree of impact on the business decisions taken by the Firm.
- (a) Internal Forces
- (b) External Forces
- (c) Financial Forces
- (d) National forces
73. Business and technology are :
- (a) Interrelated
- (b) Interdependent
- (c) Interrelated & Interdependent
- (d) None of the above

74. Opportunity is _____ condition in the Firm's environment which enables it to consolidate and strengthen its position.
- (a) Unfavourable
 - (b) Risky
 - (c) Favourable
 - (d) New
75. Process of strategy formulation starts with :
- (a) Appraisal of external and internal environment of the of an organisation
 - (b) Performance analysis
 - (c) Choice of strategy
 - (d) None of the above
76. The elements of the Microenvironment consist of –
- (a) Political, competitive pressures, Social and physical forces
 - (b) Suppliers, competitors, customers and distributors
 - (c) Technology, legal legislation, supply chain and competitors
 - (d) Economic, Customers, Social and Political forces
77. _____ Policy aims at regulating the inflow of foreign investment in various sectors for speeding up industrial development, and related objectives.
- (a) Fiscal
 - (b) Monetary
 - (c) Foreign Investment
 - (d) Both (a) and (c)
78. Select the correct statement out of the following :
- (a) Environmental factors are totally beyond the control of a single industrial enterprise.
 - (b) Environmental factors are largely beyond the control of a single industrial enterprise.
 - (c) Environmental factors are totally within the control of a single industrial enterprise.
 - (d) None of the above

79. Which of the following is not a business opportunity generated by Globalisation ?
- (a) Access to low cost labour
 - (b) Cheap International Transport
 - (c) Currency Crisis
 - (d) Less stringent regulations of the Business Environment
80. _____ is a plan or course of action, of a Government, intended to influence and determine decisions, actions, and other matters.
- (a) Public Policy
 - (b) Business Policy
 - (c) Government Policy
 - (d) Trade Policy
81. NABARD serves as an apex financing agency for the institutions providing investment and production credit for promoting the various developmental activities in _____
- (a) Rural areas
 - (b) Urban areas
 - (c) Sub – urban areas
 - (d) All of the above
82. 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
83. Which of the following is not a function of SIDBI ?
- (a) Leasing and Factoring Services to MSMEs.
 - (b) Assistance to the Service Sector including Transport, Health Care, Tourism, etc.
 - (c) Re – financing of Loans and Advances given by the Primary Lending Institutions
 - (d) Financing the Joint Ventures abroad.

84. Provision of finance for agriculture is now handled by
- (a) Export – Import Bank of India (EXIM Bank)
 - (b) Small Industries Development Bank of India (SIDBI)
 - (c) Reserve Bank of India (RBI)
 - (d) National Bank for Agriculture and Rural Development (NABARD)
85. The Industrial Finance Corporation of India (IFCI) was established in which year ?
- (a) 1945
 - (b) 1946
 - (c) 1947
 - (d) 1948
86. Which of the following is a quantitative measure of credit policy:
- (a) Direct credit
 - (b) SLR
 - (c) CRR
 - (d) both (b) and (c)
87. Which of the following, set up in 1990, is the Principal Financial Institution for the Promotion, Financing and Development of the Micro, Small and Medium enterprise sector ?
- (a) SIDBI
 - (b) EXIM Bank
 - (c) NABARD
 - (d) IFCI
88. SIDBI does not function as a Nodal / Implementing Agency to which ministry of the Government :
- (a) Ministry of textiles
 - (b) Ministry of Food processing and industry
 - (c) Ministry of Commerce and Industry
 - (d) Ministry of External Affairs
89. Increase in Competition leads to –
- (a) Producers will have maximum incentive to innovate and specialize
 - (b) Reduced costs

- (c) Wider Choice to Consumers
 - (d) All the above
90. Which one of the following is an Indian regulatory body that facilitates business organizations ?
- (a) EXIM Bank
 - (b) NABARD
 - (c) IRDAI
 - (d) IFCI
91. Which of the following statements is true ? IRDAI comprises of –
- (a) Not more than 5 Whole – Time Members, and Not more than 4 Part – Time Members
 - (b) Not more than 4 Whole – Time Members, and Not more than 5 Part – Time Members
 - (c) More than 4 Whole – time Members, and Not more than 5 Part – Time Members
 - (d) Not more than 5 Whole – Time Members, and Not more than 5 Part – Time Members
92. FDI Limit in Insurance Sector is –
- (a) 39%
 - (b) 49%
 - (c) 29%
 - (d) 59%
93. The amount of revenue from sales which exactly equals the amount of expense at
- (a) Budget
 - (b) Balance Sheet
 - (c) Break Even Point
 - (d) None of the above
94. Carrying forward of transaction form one settlement period to the next without effecting delivery or payment is called -----
- (a) Bear Market
 - (b) Base Price
 - (c) Badla

- (d) Blue Chips
95. An attempt to increase the number of outstanding shares of a company by splitting the existing shares is called
- (a) Stock Split
 - (b) Stock Addition
 - (c) Stock Fix
 - (d) None of the above
96. When businesses and non – profit organizations market their products, services or causes directly to consumers based on consumer interests is called
- (a) Indirect marketing
 - (b) Direct marketing
 - (c) Advertisement
 - (d) None of the above
97. the interest, accumulated on an investment but is not yet paid is called
- (a) Simple interest
 - (b) Compound interest
 - (c) Accrued interest
 - (d) None of the above
98. Which of the following statements are true ?
- (a) Brand equity refers to the value of a brand.
 - (b) Brand equity is based on the extent to which the brand has high brand loyalty, name awareness, perceived quality and strong product association.
 - (c) Brand equity includes other “intangible” assets such as patents, trademarks and channel relationships.
 - (d) All of the above
99. The number of units of given currency that can be purchased for one unit of another currency is called ____.
- (a) Current ratio
 - (b) Exchange rate
 - (c) Equity
 - (d) dividend

100. ____ is a technology where the banking organizations resort to the use of electronics, computers and other networks to execute transactions and transfer funds.

- (a) E – cash
- (b) Digi – cash
- (c) Hedge
- (d) Cap