

PART I : BUSINESS ECONOMICS

Max. Marks : 60

1. In Law of negative returns (Third stage of Law of variable proportions)
 - (a) Total Product declines, MP is positive
 - (b) Total Product declines, MP is Zero
 - (c) Total Product declines, MP is negative
 - (d) Total Product in constant, MP is constant
2. Supply of a good and its price have
 - (a) Negative relationship
 - (b) Inverse relationship
 - (c) No relationship
 - (d) Positive relationship
3. In Imperfect competition:
 - (a) Excess capacity always exists
 - (b) Excess capacity never exists
 - (c) Excess capacity may or may not exist
 - (d) None of the above
4. In the case of a straight line demand curve meeting the two axes, the price elasticity of demand at y-axis of the line would be equal to
 - (a) 1
 - (b) infinity
 - (c) 3
 - (d) 1.25
5. The Law of variable proportions examines the Production function with:
 - (a) One factor variable and only one factor fixed
 - (b) One factor variable keeping quantities of other factors fixed
 - (c) All factors variable
 - (d) None of the above
6. When two goods are perfect substitutes of each other then
 - (a) MRS is falling

- (b) MRS is rising
- (c) MRS is constant
- (d) None of the above
7. MR curve under Monopoly lies between AR and Y – axis because, the rate of decline of the MR is
- (a) Just half of the rate of decline of AR
- (b) Just equal to the rate of decline of AR
- (c) Just triple the rate of decline of the average revenue
- (d) Just double the rate of decline of the average revenue
8. Calculate Income-elasticity for the household when the income of a household rises by 10% the demand for T.V. rises by 20%
- (a) + .5
- (b) -.5
- (c) + 2
- (d) -2
9. A firm has producing 7 units of output has an average total cost of Rs. 150 and has to pay Rs. 350 to its fixed factors of production whether it produces or not. How much of the average total cost is made up of variable cost?
- (a) 200
- (b) 50
- (c) 300
- (d) 100
10. When economists speak of utility of a certain good, they are referring to:
- (a) the demand for the good
- (b) The usefulness of the good in consumption
- (c) the expected satisfaction derived from the consumption of good.
- (d) The rate at which consumers are willing to exchange one good for another
11. Marginal utility from a commodity is Rs. 10 and its price is Rs. 12. What will be the consumer surplus?
- (a) + 2
- (b) He will not purchase it
- (c) -2
- (d) Cannot be said

12. If $AR = 10$ and elasticity of demand (e) = 5, then what will be the value of MR ?
- (a) 10
 - (b) 8
 - (c) 50
 - (d) 5
13. Which is not the assumption of Indifference curve Analysis?
- (a) The consumer is rational and possesses full information about all the aspects of economic environment
 - (b) The consumer is not capable of ranking all combinations
 - (c) If consumer prefers combination A to B, and B to C, then he must prefer combination A to C
 - (d) If combination A has more commodities than combination B, then A must be preferred to B.
14. A higher indifference curve shows:
- (a) A higher level of satisfaction
 - (b) A higher level of production
 - (c) A higher level of income
 - (d) None of the above
15. Marginal rate of substitution of X for Y ($MRS_{x,y}$) is 5.0 and price of Y is Rs. 10. If the consumer is in equilibrium then what should be the price of X ?
- (a) 50
 - (b) 5
 - (c) 15
 - (d) None of these
16. A firm encounters its shut down point when:
- (a) Average total cost equal price at the profit maximizing level of output
 - (b) Average variable cost equals price at the profit maximizing level of output
 - (c) Average fixed cost equals price at the profit maximizing level of output
 - (d) Marginal cost equals price at the profit maximizing level of output
17. An economy achieves "productive efficiency" when:
- (a) The best quality goods are produced
 - (b) The highly skillful resources in the country are fully employed
 - (c) All resources are utilized and goods and services are produced at least cost
 - (d) None of the above

18. Which of the following means an Economic activity?
- (a) Production of Goods
 - (b) Production of Services
 - (c) Consumption of Goods and Services
 - (d) All of the above
19. If decreasing returns to scale are present, then if all inputs are increased by 10% then:
- (a) Output will increase by less than 10%
 - (b) Output will increase by 10%
 - (c) Output will decrease by 10%
 - (d) Output will increase by more than 10%
20. Which of the following curve is backward bending?
- (a) MU curve
 - (b) Business cycle curve
 - (c) Supply of labour curve
 - (d) TU curve
21. At shut down point:
- (a) Price is equal to AVC
 - (b) Total revenue is equal to TVC
 - (c) Total loss of the firm is equal to TFC
 - (d) All of the above
22. A condition needed for a perfectly competitive industry to exit is that:
- (a) Buyers are able to influence the price of the commodity
 - (b) Any units of commodity are considered by buyers to be different
 - (c) Buyer discriminates in their purchases based on non-price factors.
 - (d) There are no obstacles to the free mobility of resources
23. When aggregate economic activity is increasing the economy is said to be in
- (a) An expansion
 - (b) a contraction
 - (c) A peak
 - (d) A turning point.
24. Which of the following statement is false?
- (a) An indifference curve is concave to the origin
 - (b) An indifference curve is convex to the origin

- (c) A higher indifference curve is better than a lower indifferent curve
- (d) An indifference curve is a curve which represents all those combinations of two goods which give same satisfaction to the consumer.
25. Which of the following statements is correct?
- (a) Demand and supply are stock concepts
- (b) Capital is a flow concept
- (c) Capital is stock whereas income generated from it is flow
- (d) None of these
26. Suppose that an owner is earning total revenue of Rs. 1,00,000 and is incurring explicit cost of Rs. 60,000. If the owner could work for another company for Rs. 30,000 a year, we would conclude that:
- (a) The firm is earning economic profit or Rs. 10,000
- (b) The firm is earning accounting profit or Rs. 40,000
- (c) The firm is earning economic profit of Rs. 40,000
- (d) Both (a) and (b)
27. When we are studying how a producer fixes the price of his products we are studying
- (a) Macro Economics
- (b) Micro Economics
- (c) Both Micro and Marco Economics
- (d) None of the above
28. Macro economics doesn't include one example from the following:
- (a) National Income and output
- (b) Study of firms
- (c) General Price Level
- (d) Saving and Investment
29. Which one of the following types of indicators are useful in prediction/forecasting ?
- (a) Positive
- (b) Coincident
- (c) Lagging
- (d) Leading
30. A horizontal supply curve parallel to the quantity axis implies that the elasticity of supply is:
- (a) Infinite
- (b) Zero
- (c) Equal to one
- (d) Greater than zero but less than one

31. A firm under perfect competition will be making minimum losses (in the short run) at a point where:
- (a) $MC > MR$
 - (b) $MR > MC$
 - (c) $MC = MR$
 - (d) $AC = AR$
32. When the consumer is in equilibrium his price line is _to indifference curve
- (a) Parallel
 - (b) At right angle
 - (c) Diagonally opposite
 - (d) Tangent
33. Accounting profit is equal to:
- (a) Total Revenue – Total variable cost
 - (b) Total Revenue – Total direct cost
 - (c) Total Revenue – Total Cost
 - (d) Total Revenue – Total Explicit cost and Total Implicit Cost.
34. The four phases of the business cycle are
- (a) peak, recession, trough and boom
 - (b) peak, depression, trough and boom
 - (c) peak, recession, trough and recovery
 - (d) peak, depression, bust and boom.
35. Peaks and troughs of the business cycle are collectively known as:
- (a) Volatility
 - (b) Turning points
 - (c) Equilibrium points
 - (d) Real business cycle events.
36. Questions like what should be the level of national income, what should be the wage rate fall within the scope of:
- (a) Positive Science
 - (b) Normative Science
 - (c) Both (a) and (b)
 - (d) None of the above
37. When average cost curve is rising then, marginal cost
- (a) Must be decreasing
 - (b) Must be above the average cost curve

- (c) Must be constant
- (d) Must be equal to average cost
38. In perfect competition in the long run there will be _____
- (a) Normal Profits
- (b) Super Normal Profit
- (c) Less production
- (d) Cost will be falling
39. Which of the following statements is correct?
- (a) As normative science, Economics involves value judgments
- (b) Robbins has made economics as a form of welfare economics
- (c) The Law of Demand is always true
- (d) None of the above
40. Which of the following is considered labor in Economics?
- (a) Teaching CA students in CA Institute by a teacher
- (b) Singing a song before friends
- (c) Flying kite for pleasure
- (d) Teaching to friends in a library
41. Identify the factor which generally keeps the price-elasticity of a demand for a good high.
- (a) Its very high price
- (b) Its very low price
- (c) Large number of substitutes
- (d) None of the above
42. When marginal product is negative, then total product is:
- (a) Maximum
- (b) Decreasing
- (c) Constant
- (d) None of the above
43. Price discrimination occurs when:
- (a) Producer sells a specific commodity or service to different buyers for the same price
- (b) Producer sells specific commodity or service to different buyers at two or more different prices due to difference in cost
- (c) Producer sells a specific commodity or service to different buyers at two or more different prices for reasons not associated with difference in cost
- (d) Producer under perfect competition sells different goods to consumers at different prices

44. Which of the following is not the characteristic of Labour?
- (a) Labour is highly 'Perishable' in the sense that a day's labour lost cannot be completely recovered
 - (b) Labour is inseparable from the labourer himself
 - (c) Labour has a strong bargaining power
 - (d) The supply of labour and wage rate are directly related in the initial stages
45. ___ depicts complete picture of consumer tastes and preferences.
- (a) Budget line
 - (b) Average cost curve
 - (c) Indifference map
 - (d) Marginal revenue curve
46. If the goods are perfect substitutes for each other then cross elasticity is
- (a) Infinite
 - (b) One
 - (c) Zero
 - (d) None of the above
47. When price is less than average variable cost at the profit maximizing level of output, a firm should :
- (a) Shut down, since it cannot recover its variable cost
 - (b) Produce where $MC = MR$, if operating in short run
 - (c) Produce where $MC = MR$, if operating in long run
 - (d) None of the above
48. Which economy is now a myth only, as no country in the world is having that type of economy?
- (a) Capitalist Economy
 - (b) Socialist Economy
 - (c) Mixed Economy
 - (d) None of the above
49. Quantity demanded is a:
- (a) Flow Concept
 - (b) Stock Concept
 - (c) Both (a) and (b)
 - (d) None of the above

50. Lesser production of _____ would lead to lesser production in future
- (a) Public goods
 - (b) Consumer goods
 - (c) Agricultural goods
 - (d) Capital goods
51. An expansion in the supply of a good is caused by a:
- (a) Rise in the price of good
 - (b) Fall in the prices of other goods
 - (c) Fall in the prices of factors of production
 - (d) All of the above
52. In Economics, the central economic problem means:
- (a) Output is restricted to the limited availability of resources
 - (b) Consumers do not have as much money as they would wish
 - (c) There will always be certain level of unemployment
 - (d) Resources are not always allocated in an optimum way
53. For the price- taking firm:
- (a) Marginal revenue is less than price
 - (b) Marginal revenue is equal to price
 - (c) Marginal revenue is greater than price
 - (d) The relationship between marginal revenue and price is indeterminate
54. Which of the following is correct?
- (a) Marginal cost is always less than the average cost.
 - (b) Marginal cost is always more than the average cost.
 - (c) Marginal cost is always equal to the average cost at its minimum point.
 - (d) Marginal cost is always equal to the average cost
55. We mainly study the following in Micro Economics:
- (a) Location of a Industry
 - (b) Study of firms
 - (c) Factor pricing
 - (d) All of the above
56. Who held that sales revenue maximization is the ultimate goal of the business firms ?
- (a) Baumol
 - (b) Williamson
 - (c) H.A. Simon
 - (d) G. C. Means

57. Problems relating to marketing include _____

- (a) Price
- (b) Place
- (c) Promotion
- (d) All of the above

58. Residential houses, readymade clothes, prepared food are example of _____

- (a) producer's goods
- (b) consumer's goods
- (c) derived goods
- (d) none of these

59. Popular techniques of trend projection based on time series data include _____.

- (a) graphical method
- (b) least square method
- (c) both (a) and (b)
- (d) none of those

60. Long term demand forecasting is generally useful in _____ decisions.

- (a) significant
- (b) strategic
- (c) operational
- (d) tactical

PART II: BUSINESS AND COMMERCIAL KNOWLEDGE

Max. Marks: 40

1. The price sensitivity of the market is an important factor of which element of Micro environment:
 - (a) Suppliers
 - (b) Market
 - (c) Intermediaries
 - (d) Customer
2. Mark the Correct:
 - (a) Hindu Succession Act, 1956 is applicable in HUF.
 - (b) LLP firm may be constituted on basis of LLP Act 2009.
 - (c) A dormant company registered under Companies Act, 2013.
 - (d) All are correct.
3. Who was the regulatory body for controlling financial affairs in India before SEBI?
 - (a) Controller of Capital Issues
 - (b) Reserve Bank of India
 - (c) Insurance Regulatory and Development Authority of India
 - (d) Government of India
4. Public policies are of three types:
 - (a) Restrictive, Regulatory, Participative

- (b) Restrictive, Regulatory, Facilitating
 - (c) Voluntarily, Participative, Facilitating
 - (d) Regulatory, Voluntarily, Continuous
5. Which of the following institutions has been scrapped recently?
- (a) Minerals and Metals Regulatory Commission
 - (b) Coal India Limited
 - (c) Planning Commission
 - (d) FIPB
6. Which one of the following is an Indian Regulatory Body that facilitates business organizations?
- (a) EXIM Bank
 - (b) NABARD
 - (c) IRDA
 - (d) IFCI
7. In case of Maruti–Suzuki, the Union Government surrendered partial ownership and sold the majority stake to Suzuki of Japan in course of time. This is a case of:
- (a) Partial Disinvestment
 - (b) Displacement
 - (c) Delegation
 - (d) Divestment
8. Mark Incorrect:
- (a) Business has only one motive; profit
 - (b) Plurality of the objective is a modern phenomenon
 - (c) Objective of survival & growth of business are called organic objectives
 - (d) In addition to economic motive, it may have non-economic motives like social, ethical or environmental
9. Mark incorrect as Globalization refers to:
- (a) Encouraging regional economic cooperation.
 - (b) Integrating the world into one economic global village.
 - (c) It paves the way for higher factor mobility.
 - (d) Drawing countries out of their insulation.
10. Mark incorrect: Partnership implies
- (a) Contractual ownership of business
 - (b) Liability of partner is limited to the extent of one's share capital
 - (c) The contract is an agreement enforceable at law is called deed
 - (d) Deed may be registered in India under the Partnership Act, 1932

11. Which of the following statements about RBI is incorrect?
- (a) It deals largely with Governments, Central and State Banks.
 - (b) Its role is to ensure monetary stability, including stability of domestic price levels.
 - (c) One of its missions is to protect the interest of policyholders.
 - (d) The RBI is the sole authority for the issue of currency in India.
12. Which of the following is incorrect?
- (a) Arbitrage is simultaneous purchase and sale of a commodity.
 - (b) Current assets are those which can be turned into cash within a year.
 - (c) Intangible assets are those which do not have physical form. They are in the form of rights.
 - (d) Break-even point is also called an optimum point of a firm.
13. The businesses should continuously _____ and _____ to the environment if it is to service and prosper.
- (a) Identify, appraise
 - (b) Monitor, adapt
 - (c) Identify, monitor
 - (d) Monitor, appraise
14. Simplification of trade restrictions related to import is an example of:
- (a) Globalization
 - (b) Privatization
 - (c) Disinvestment
 - (d) Aggregation
15. Under the income tax Act, A HUF cannot earn income from:
- (a) House property
 - (b) Salary
 - (c) Profits
 - (d) Other sources
16. BRICS stands for:
- (a) Belgium, Russia, Indonesia, China and Saudi Arabia
 - (b) Belgium, Russia, India, Cambodia and Saudi Arabia
 - (c) Brazil, Russia, India, China and South Africa
 - (d) Brazil, Romania, India, Cambodia and South Africa

17. 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.
18. What happened in Microsoft in the year 2014?
- (a) Satya Nadella succeeded on Steve Ballmer
 - (b) Acquired hardware division of NOKIA
 - (c) Both (a) and (b)
 - (d) None of the above
19. Which pharmaceutical company has the slogan 'caring for life'?
- (a) Dr. Reddy's
 - (b) Lupin Ltd.
 - (c) Cipla Ltd.
 - (d) Sun Pharmaceutical Industries Ltd.
20. Which of the following statements distinguishes business from entrepreneurship?
- (a) Entrepreneurs are the business owners too
 - (b) All business owners are entrepreneurs too
 - (c) Entrepreneurs seek out new opportunities and pursue innovative business ideas
 - (d) (a) and (b)
21. _____ is a strategy that is used to minimize the risk of a particular investment and maximize the returns of an investment.
- (a) Cap
 - (b) Encryption
 - (c) Hedge
 - (d) Term insurance
22. Which of the following is an economic activity:
- (a) Social interest
 - (b) Social security
 - (c) Selfless concern
 - (d) Self interest
23. Which one is not correct about Bank rate?
- (a) It is a quantitative measure.
 - (b) It differs from repo rate.
 - (c) It is also known as discount rate.

- (d) It influences credit availability to particular sector.
24. Reforms in Dowry Act and Divorce Act are the examples of:
- (a) Economic Reforms
 - (b) Cultural Reforms
 - (c) Commercial Reforms
 - (d) Socio-cultural Reforms
25. The Indian Companies Act, 2013 provides for the registration of:
- (a) Private Limited and Public Limited Company
 - (b) One Person Company and Small Company
 - (c) Defunct Company
 - (d) All of the above
26. Jayesh Merchant is the CFO of which company?
- (a) Asian Paints Ltd.
 - (b) Ambuja cements Ltd.
 - (c) Bosch Ltd.
 - (d) Ultratech cement Ltd.
27. Environment which is close to business and affect its capacity to work is known as environment:
- (a) Micro
 - (b) Macro
 - (c) Internal
 - (d) External
28. Bid is the opposite of
- (a) Ask/offer
 - (b) Call
 - (c) Equity
 - (d) None of the above
29. In the Forbes World's Largest Public Corporations List 2018, APPLE ranked:
- (a) 2nd
 - (b) 8th
 - (c) 4th
 - (d) 6th
30. Which of the following is NOT a function of RBI?
- (a) Monopoly of Note issue

- (b) Banker to the Government
- (c) Advancing loan to large business houses
- (d) Controller of Credit

31. Find out the incorrect:

- (a) Economic Activities are drive by nationality.
- (b) Economic Activities are guided by self interest.
- (c) Non-Economic Activities are driven by emotional or sentimental force.
- (d) Non-Economic Activities are not at all important in life

32. Economic Reforms introduced in India in 1992 are called LPG, that refers to

- (a) Liquidation of loss making units
- (b) Popularise Public private partnership
- (c) Good governance
- (d) None of the above

33. Business and technology are:

- (a) Interrelated
- (b) Interdependent
- (c) Interrelated & Interdependent
- (d) None of the above

34. What is consolidation?

- (a) It is an expense that is supposed to reflect the loss in value of a fixed asset.
- (b) combination of two or more entities that occurs when the entities transfer all their net assets to a new entity created for that purpose.
- (c) Potential liability arising from a past transaction or a subsequent event.
- (d) Costs that can be attributed clearly to the activity you are considering.

35. Match the following:

Companies	Product
Microsoft	Coffee
Bajaj	Windows
Nestle	Activa
Jio	Mobile phone service

- (a) Microsoft-Activa, Bajaj-Windows, Nestle-Coffee, Jio-Mobile phone service
- (b) Microsoft-Windows, Bajaj-Activa, Nestle-Coffee, Jio-Mobile phone service
- (c) Microsoft-Coffee, Bajaj-Windows, Nestle-Activa, Jio-Mobile phone service

- (d) Microsoft-Windows, Bajaj-Coffee, Nestle-Activa, Jio-Mobile phone service
36. Mark the Incorrect statement:
- (a) FDI is made with an intention of exercising control over an enterprise.
 - (b) FDI is called Portfolio Investment.
 - (c) FDI is a long run Investment.
 - (d) FDI helps in upgradation of technology.
37. Which one of the following is NOT a FMCG company?
- (a) ITC
 - (b) Dabour
 - (c) HUL
 - (d) Maruti
38. Who was the co-founder of Microsoft with Bill Gates?
- (a) Paul Allen
 - (b) Melinda Gates
 - (c) Satya Nadella
 - (d) Lucci Hood
39. When two or more companies come together to expand their business operations in a newly created entity.
- (a) Joint venture
 - (b) Acquisition
 - (c) Partnership
 - (d) Merger
40. Which company ranked 3rd on Forbes World's Best Employer's List 2018?
- (a) Google
 - (b) Walmart
 - (c) Microsoft
 - (d) Apple