

Write the most appropriate answer to each of the following multiple choice questions by choosing one of the four options given. All questions are compulsory.

PART – I

- Q.1** Till 19th century, Economics was known as _____.
- (a) Economics (b) Political Economy
(c) Oikonomia (d) None of these
- Q.2** The productive capacity of modern economics has _____.
- (a) grown tremendously (b) remained stagnant
(c) declined (d) None of these
- Q.3** _____ is studied in microeconomics.
- (a) product pricing (b) factor pricing
(c) consumer behaviour (d) all of these
- Q.4** _____ are internal issues that a firm has to face.
- (a) demand analysis (b) profit analysis
(c) economic system (d) both (a) & (b)
- Q.5** Which of the following best describes the nature of Business Economics?
- (a) It is basically macro in nature
(b) It is abstract and theoretical
(c) It is pragmatic in approach
(d) It completely ignores macroeconomics
- Q.6** Basic problems of an economy arise due to _____.
- (a) technological stagnation (b) scarcity of resources
(c) greedy people (d) corrupt governments
- Q.7** _____ is a driving force in a free enterprise economy.
- (a) profit motive (b) competition
(c) government incentives (d) none of these

- Q.8** Higher the interest rates, _____ will be the savings.
(a) lower (b) higher
(c) no change (d) cannot say
- Q.9** Which of the following is/are demerits of a capitalist economy?
(a) exploitation of labor (b) ignores human welfare
(c) environmental degradation (d) all of these
- Q.10** Which of the following is/are merit(s) of a socialist economy?
(a) balanced economic development (b) class war
(c) absence of social security (d) wastage of resources
- Q.11** Masks and sanitizers are _____ goods
(a) substitute (b) complementary
(c) unrelated/independent (d) none of these
- Q.12** Quantity demanded is a _____ concept
(a) stable (b) dynamic
(c) stock (d) flow
- Q.13** Veblen effect is related to _____
(a) low priced goods (b) very high priced goods
(c) free goods (d) inferior goods
- Q.14** If future price of a commodity is expected to decrease, its current demand will _____.
(a) decrease (b) not change
(c) increase (d) none of these
- Q.15** Given the demand function $Q = 30 - 2P$, what is price elasticity at Rs. 2?
(a) 0.2 (b) 2.3
(c) 0.15 (d) 1.5
- Q.16** When price of chocolates increases from Rs. 12 to Rs. 15, its quantity demanded decreases from 300 units to 200 units. What will be price elasticity of demand for chocolates? (Use Arc method)
(a) 18.0 (b) 0.18
(c) 0.018 (d) 1.8

- Q.17** Upward shift of the demand curve indicates _____ in demand.
(a) contraction (b) expansion
(c) increase (d) decrease
- Q.18** In case of rare paintings and diamonds, consumer surplus _____
(a) is infinite (b) cannot be calculated
(c) is zero (d) all of these
- Q.19** Which of the following statement is/are correct?
(a) When TU is maximum MU is zero
(b) When MU is negative TU is decreasing
(c) TU cannot be negative
(d) All of the above
- Q.20** In case of perfect substitutes indifference curve will be _____.
(a) linear (b) convex
(c) concave (d) Parabola
- Q.21** X and Y are two commodities and it is given that marginal rate of substitution of X for Y is 3.0 and MU from Y is 5. What is MU of X? (Consumer is in equilibrium).
(a) 1.5 (b) 20
(c) 0.15 (d) 15
- Q.22** A vertical supply curve indicates _____
(a) perfectly elastic supply (b) inelastic supply
(c) perfectly inelastic supply (d) unitary elastic supply
- Q.23** If supply for a commodity is greater than its demand, there is _____ pressure on price
(a) upward (b) downward
(c) No (d) vertical
- Q.24** Labourer has to make a choice between
(a) labor and leisure
(b) occupation and place of work
(c) leisure and occupation

(d) none of these

Q.25 What is true about profits?

- (a) profits may be zero
- (b) profits may be negative
- (c) profits are never pre determined
- (d) all of these statements

Q.26 According to Baumol what is the ultimate goal of a firm?

- (a) profit maximization
- (b) loss minimization
- (c) sales maximization
- (d) cost minimization

Q.27 In the long run _____

- (a) one factor is variable and others are fixed
- (b) all factors become variable
- (c) all factors become fixed
- (d) two factors are variable

Q.28 Marginal productivity of variable factor becomes negative in which stage of the law of variable proportion?

- (a) first
- (b) second
- (c) third
- (d) fourth

Q.29 _____ explains long run output behaviour.

- (a) law of variable proportion
- (b) law of diminishing marginal returns
- (c) law of returns to scale
- (d) law of supply

Q.30 Costs which are already incurred and cannot be recovered are _____ costs

- (a) sunk
- (b) fixed
- (c) variable
- (d) overhead

Q.31 Average total cost of producing 100 units is Rs. 700 and fixed cost per unit is Rs. 300. What is average variable cost?

- (a) Rs. 400
- (b) Rs. 300
- (c) Rs. 500
- (d) Rs. 3

- Q.32** If $MC > AC$ then which of the following statements is true?
(a) AC is decreasing (b) AC is increasing
(c) AC is minimum (d) None of these
- Q.33** Increasing portion of long run average cost curve is because of _____.
(a) decreasing returns to scale (b) diseconomies of scale
(c) both (a) and (b) (d) none of these
- Q.34** TC curve starts from _____.
(a) point of origin (b) X-intercept
(c) Y-intercept (d) anywhere
- Q.35** At 123 units of output variable cost is Rs. 1450. When nothing was produced total cost was Rs. 550. What is fixed cost of producing 123 units?
(a) Rs. 0 (b) Rs. 1950
(c) Rs. 900 (d) Rs. 550
- Q.36** If demand for a product is inelastic, then its MR is _____.
(a) negative (b) positive
(c) zero (d) infinite
- Q.37** In which market structures are AR and MR curves downward sloping?
(a) perfect competition (b) monopoly
(c) monopolistic competition (d) both (b) & (c)
- Q.38** In the long run monopoly firm earns _____ profit.
(a) zero (b) normal
(c) abnormal (d) negative
- Q.39** Demand for a product is perfectly elastic in _____.
(a) monopoly (b) perfect competition
(c) monopolistic market (d) oligopoly
- Q.40** For first unit of output sold, _____.
(a) $TR = AR > MR$ (b) $TR > AR = MR$
(c) $TR = AR = MR$ (d) $TR < AR = MR$

- Q.41** TR obtained by selling 25 units is Rs. 175. All units of output are sold at the same price. So price of the product is Rs. _____.
- (a) 175 (b) 150
(c) 0 (d) 7
- Q.42** In perfect competition _____
- (a) $AR = MR$ (b) $AR > MR$
(c) $AR < MR$ (d) $AR = TR$
- Q.43** If demand and supply increase simultaneously which of the following is correct?
- (a) quantity will increase; anything can happen to price
(b) price will increase; anything can happen to quantity
(c) both price and quantity will increase
(d) price will remain the same; quantity will increase
- Q.44** A single firm can produce the industry's whole output at a lower unit cost than two or more firms could. This describes-
- (a) oligopoly (b) natural monopoly
(c) duopoly (d) monoposony
- Q.45** Market power means _____
- (a) ability to charge a price equal to AC
(b) ability to charge a price less than MC
(c) ability to charge a price above AC
(d) ability to charge a price above MC
- Q.46** Economic effects of monopoly include _____
- (a) decrease in economic welfare
(b) reduction in consumer surplus
(c) restriction of consumer sovereignty
(d) all of the above
- Q.47** Inverted U-shaped TR is observed in
- (a) perfect competition and monopoly
(b) perfect competition and monopolistic competition
(c) monopoly and monopolistic competition
(d) oligopoly

- Q.48** Strategic interdependence is an important feature of _____
(a) oligopoly (b) monopolistic competition
(c) monopoly (d) pure competition
- Q.49)** In Bertrand's model, the control variable is _____
(a) output (b) price
(c) selling cost (d) product differentiation
- Q.50** A market characterized by a small number of large buyers is known as _____
(a) duopoly (b) duopsony
(c) monopsony (d) oligopsony
- Q.51** At price of Rs. 30, eight units are sold and at price of Rs. 28, nine units are sold. What is MR of the ninth unit?
(a) Rs. 252 (b) Rs. 12
(c) Rs. 280 (d) Rs. 9
- Q.52** Rhythmic fluctuations in aggregate economic activity that an economy experiences over a period of time are called _____
(a) business cycles (b) upturns
(c) downturns (d) volatilities
- Q.53** A typical business cycle has _____ distinct phases.
(a) one (b) two
(c) three (d) four
- Q.54** During expansion involuntary unemployment is _____
(a) almost zero (b) lowest
(c) highest (d) none of these
- Q.55** Growth rate becomes negative during _____
(a) depression (b) recession
(c) contraction (d) downturn
- Q.56** According to Hawtrey, trade cycle is _____ phenomenon.
(a) psychological (b) technical
(c) fictional (d) monetary

- Q.57** Wars generally cause _____ in economic activity
- (a) expansion (b) contraction
(c) stagnancy (d) recovery
- Q.58** Which of the following are not features of business cycles?
- (a) the duration of business cycles vary
(b) business cycles occur periodically
(c) business cycles are complex phenomena
(d) none of these
- Q.59** Business confidence takes off during _____
- (a) recovery (b) trough
(c) contraction (d) expansion
- Q.60** _____ is a measurable economic factor that changes before the economy starts to follow a particular trend.
- (a) lagging (b) coincidental
(c) leading (d) none of these

PART – II

- Q.61** What is the liability of each partner under LLP?
- (a) Limited (b) Unlimited
(c) Partly Limited (d) None of the above
- Q.62** Mission statement is derived from _____.
- (a) Vision statement
(b) Memorandum of Association
(c) Articles of Association
(d) None of these
- Q.63** When did Microsoft begin its business in India?
- (a) 1990 (b) 1989
(c) 1991 (d) 1992
- Q.64** Identify the one which may be considered as a public policy:
- (a) A decision by a central government to purchase Rafael fighter planes
(b) Building a new passport office building
(c) All citizens are to be provided with biometric aadhar card
(d) Government passes a special resolution to change the name of a city
- Q.65** _____ refers to a process where the mutual fund of one Country acquires ownership of Financial Assets / Securities in another Country.
- (a) Foreign Direct Investment
(b) Foreign Industrial Investment
(c) Foreign Portfolio Investment
(d) Foreign Institutional Investment
- Q.66** Activities involved in physical movement of raw material to factory and final goods from the factory to market is called
- (a) Logistics (b) Supply chain management
(c) Both a and b (d) None of the above

- Q.67** Which of the following statements does not comprise business activity?
- (a) Sale of old television set by a household for a profit
 - (b) A chef cooking food for his kids
 - (c) Automobile industry
 - (d) Electrical appliances industry
- Q.68** Identifying an opportunities early helps an enterprise to be the first to exploit them instead of losing it to competitors. The mentioned advantage can be categorised under:
- (a) First mover advantage
 - (b) Initial identifier advantage
 - (c) First advantage
 - (d) Initial mover advantage.
- Q.69** Bharti Group was established in
- (a) 1995
 - (b) 1996
 - (c) 1997
 - (d) 1998
- Q.70** Government holds responsibility as private sector handles fully and partly the management of product and services.
- (a) Delegation
 - (b) Privatisation
 - (c) Displacement
 - (d) Disinvestment
- Q.71** Function where SEBI conducts investigation and enforcement action is known as _____ function
- (a) Quasi - Legislative
 - (b) Quasi - Judicial
 - (c) Quasi - Executive
 - (d) All the above
- Q.72** Business combination where two or more entities transfer of their net assets to a new entity created for that purpose:
- (a) Demerger
 - (b) Consolidation
 - (c) Joint Venture
 - (d) None of these
- Q.73** Economic Activities are performed for _____?
- (a) Self-Interest
 - (b) Self-less motive
 - (c) Human welfare
 - (d) Social welfare

- Q.74** Which environmental factors regulate the values and beliefs, traditions and customs of society?
- (a) Political factors (b) Legal factors
(c) Economic factors (d) Socio-cultural factors
- Q.75** Which Bank provides the digital service PayZapp?
- (a) Kotak Bank (b) HDFC Bank Limited
(c) Axis bank (d) Bandhan Bank
- Q.76** _____ is the process by which a legislative proposal is brought before the law making body and then translated into the law of the land is known as –
- (a) Drafting a law (b) Law making
(c) Passing a law (d) None of the above
- Q.77** A business _____ helps a budding business to quickly launch a product and put it in fast lane of commercial success.
- (a) Accelerator (b) Consultant
(c) Facilitator (d) Supporter
- Q.78** A series of payments of an equal amount at fixed intervals for a specified number of periods is known as _____
- (a) Annuity (b) Amortize
(c) Appreciation (d) Arbitrage
- Q.79** The occupation in which people work for others and get remunerated in return is known as _____.
- (a) Business (b) Employment
(c) Profession (d) All the above
- Q.80** Financial Factors, Human Resource, Marketing Resource and Miscellaneous Factors are _____ Factors.
- (a) External (b) Macro
(c) Internal (d) Micro
- Q.81** Which of the following Brand is not owned by TATA?
- (a) Stryder (b) Sonata
(c) Voltas (d) B-Natural

- Q.82** Policies which are formed for specific segments of society are called as _____.
(a) Regulatory Policies (b) Distributive Policies
(c) Facilitating Policies (d) Restrictive Policies
- Q.83** Which of the following is not a regulatory institution.
(a) IRDAI
(b) SEBI
(c) TRAI
(d) Municipal development agency
- Q.84** The price of a security at the beginning of the trading day which is used to determine the Day Minimum / Maximum and the Operational ranges for that day is called
(a) Basket Price (b) Base Price
(c) Share Price (d) Index Price
- Q.85** What are the advantages of company?
(a) Great stability (b) Limited liability
(c) Professional management (d) All the above.
- Q.86** Firms that adopt a cautious approach –
(a) manage to keep the business alive by the way of coping with their changing external environments.
(b) regard the external environmental forces as partially manageable and controllable by their actions
(c) take an intelligent interest to adapt with the changing external environment
(d) all of the above
- Q.87** Who was the founder of Walmart?
(a) Sam Walton (b) Sam Turner
(c) Sam Laker (d) Sam Waltmer
- Q.88** Gradual decrease in government command and control over the economic policies is
(a) Privatization (b) Globalization
(c) Disinvestment (d) Liberalization

- Q.89** Identify which of these is not a function of the Central Bank.
- (a) Agent of Government
 - (b) Bankers bank
 - (c) Paying Interest on deposits to common people
 - (d) Clearing house
- Q.90** Shares of large, well established and financially sound companies with an impressive record of earnings and dividends
- (a) Green Chips
 - (b) Top Companies
 - (c) Blue Chips
 - (d) Index Companies
- Q.91** Transfer of Interest does not exist in
- (a) Business
 - (b) Profession
 - (c) Employment
 - (d) Both b and c
- Q.92** Which one of the following shows the future aspirations of a company?
- (a) Vision statement
 - (b) Mission statement
 - (c) Goals and objectives
 - (d) All the above
- Q.93** Which of the following was the initial business of Bharti Group?
- (a) Mobile phones
 - (b) Push button phones
 - (c) Feature phone
 - (d) Computer spare parts
- Q.94** Which of the following is an example of Public Policy?
- (a) Public Debt Restructuring
 - (b) Separate compartment for Women in trains
 - (c) To make River Yamuna pollution free
 - (d) All of the above
- Q.95** _____ regulates the cooperative banks and RRBs.
- (a) RBI
 - (b) SBI
 - (c) Central Government
 - (d) NABARD
- Q.96** Simultaneous purchase and sale of two identical commodities or instruments from one market to the other is _____.
- (a) Hedging
 - (b) Annuity
 - (c) Arbitrage
 - (d) Exchanging

Q.97 The form of business organisation in which there is separation of ownership and management is called

- (a) Sole proprietorship (b) Partnership
(c) Company (d) HUF

Q.98 _____ is not part of External Environment analysis:

- (a) Analysing financial ratio
(b) Studying the political environment
(c) Assessment of demography
(d) Analysis social and cultural forces.

Q.99 Asian Paints was set up in the year _____.

- (a) 1941 (b) 1942
(c) 1943 (d) 1945

Q.100 Which of the following are the methods of FDI?

- (a) Automatic Route (b) Government Route
(c) Approval Route (d) All the above