

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** What forms the subject matter of economics?
(a) Unlimited human wants (b) Scarce means/resources
(c) both (a) and (b) (d) Only (b)
- Q.2** Business economics fills the gap between _____.
(a) economic theory and business practice
(b) economic practice and business theory
(c) both (a) and (b)
(d) none of these
- Q.3** Problem of unemployment is studied in _____.
(a) microeconomics (b) macroeconomics
(c) price theory (d) international economics
- Q.4** Positive science involves _____.
(a) value judgments (b) facts
(c) observations (d) both (b) and (c)
- Q.5** USA, Canada, Australia and Singapore are examples of _____.
(a) capitalism (b) socialism
(c) mixed economy (d) market socialism
- Q.6** Government intervention is maximum in _____.
(a) capitalism (b) socialism
(c) mixed economy (d) market socialism

- Q.7** Problems of corruption, red tapism, nepotism, favoritism are present in _____.
- (a) socialist economy (b) mixed economy
(c) capitalist economy (d) both (a) and (b)
- Q.8** Which of the following constitute basic economic problems?
- (a) what to produce? (b) how to produce?
(c) for whom to produce? (d) all of these
- Q.9** On a straight line demand curve at a given price/point, the formula to calculate price elasticity of demand is _____.
- (a) lower segment ÷ upper segment
(b) upper segment ÷ lower segment
(c) lower segment + upper segment
(d) lower segment – upper segment
- Q.10** Demand for a given commodity and price of its substitute are _____ related.
- (a) inversely (b) negatively
(c) indirectly (d) directly
- Q.11** When price of sandwich increases from ₹40 to ₹50, demand for vadapav increases from 500 units to 1000 units. What is cross elasticity of demand between these two goods?
- (a) + 0.4 (b) – 0.4
(c) + 4.0 (d) – 4.0
- Q.12** All Giffen goods are _____ goods but all inferior goods are not _____ goods.
- (a) Giffen, luxury (b) luxury, Giffen
(c) necessary, luxury (d) inferior, Giffen
- Q.13** Vertical supply curve indicates that supply elasticity is _____.
- (a) zero (b) infinite
(c) positive (d) negative

- Q.14** Supply is a _____ concept.
- (a) stock (b) static
(c) flow (d) dynamic
- Q.15** The slope of budget line is the same as - _____ between two goods x and y .
- (a) MRTS (b) MRS
(c) price ratio (d) Utility ratio
- Q.16** An indifference curve _____.
- (a) is downward sloping (b) is convex to the origin
(c) does not touch X or Y axis (d) all of the above
- Q.17** If marginal utility is negative, it indicates that _____.
- (a) total utility is increasing (b) total utility is decreasing
(c) total utility is constant (d) total utility is zero
- Q.18** If cross elasticity between two goods is infinite then those goods are _____.
- (a) perfect substitutes (b) complementary
(c) substitutes (d) independent
- Q.19** When price of ice-cream decreases from ₹40 to ₹35, its demand expands from 1000 cups to 2000 cups. What would be its price elasticity? (Use Arc method).
- (a) -3.5 (b) + 5.0
(c) - 5.0 (d) - 0.5
- Q.20** Which of the following are exceptions to the law of demand?
- (a) Giffen goods (b) Veblen goods
(c) inferior goods (d) both (a) and (b)
- Q.21** Production is best defined as _____.
- (a) Creation or addition of utility (b) creation of matter
(c) both (a) and (b) (d) None of these

- Q.22** Tools and machines are which type of capital?
(a) fixed (b) real
(c) tangible (d) all of these
- Q.23** Who was of the opinion that profit is the reward for bearing uncertainty?
(a) Frank Knight (b) J.M.Keynes
(c) J.B.Clark (d) Alfred Marshall
- Q.24** Increasing returns to scale can be attributed to _____
(a) indivisibility of certain factors (b) possibility of specialisation
(c) both (a) and (b) (d) none of these
- Q.25** Economic cost = _____
(a) implicit cost + explicit cost (b) implicit cost – explicit cost
(c) implicit cost (x) explicit cost (d) implicit cost ÷ explicit cost
- Q.26** Which of the following statements is false?
(a) capital is a man-made factor
(b) capital is a stock concept
(c) all capital is wealth but all wealth is not capital
(d) none of these
- Q.27** For ten units of output produced, $AFC = ₹8$ and $ATC = ₹ 35$. So $ATC =$ _____.
(a) ₹ 43 (b) ₹ 27
(c) ₹ 28 (d) ₹ 26
- Q.28** Costs which are easily and definitely identifiable in relation to a plant, product, process or department are _____
(a) indirect costs (b) fixed costs
(c) variable costs (d) direct costs
- Q.29** Pollution and environmental degradation are considered in
(a) private cost (b) social cost
(c) internal cost (d) historical cost

- Q.30** Replacement costs are higher than historical costs because of _____.
- (a) price stability (b) increase in price
(c) decrease in price (d) any of these
- Q.31** Marginal rate of technical substitution between two factors defines the slope of _____.
- (a) isoquant curve (b) indifference curve
(c) supply curve (d) isocost line
- Q.32** Long run average cost curve is derived from short run _____ curves.
- (a) marginal cost (b) average cost
(c) variable cost (d) fixed cost
- Q.33** _____ shows various combinations of two factors that a firm can purchase with its budget, given their prices.
- (a) Isocost line (b) Budget line
(c) Kuznet's line (d) Opportunity line
- Q.34** Who opined that managers of a corporate firm try to maximize the firm's balanced growth rate?
- (a) Baumol (b) Williamson
(c) R.L.Marris (d) Herbert Simon
- Q.35** Production function shows _____ relationship between inputs and output.
- (a) managerial (b) economic
(c) financial (d) technical
- Q.36** Vegetable vendor selling his vegetables in Ahmedabad is an example of _____ market.
- (a) local (b) regional
(c) national (d) international
- Q.37** If a single buyer is facing single seller, it is known as _____.
- (a) bilateral monopoly (b) double monopoly
(c) monopsony (d) duopsony

- Q.38** Price of a product is given as ₹ 10 and its elasticity of demand is 5. What marginal revenue will the firm earn?
(a) ₹50 (b) ₹ 2
(c) ₹ 8 (d) ₹ 15
- Q.39** A producer will benefit by expanding his output if _____.
(a) $MR = MC$ (b) $MR > MC$
(c) $MR = 0$ (d) $MR = \text{positive value}$
- Q.40** Large number of sellers, differentiated products, free entry and exit of firms and selling costs are important features of _____.
(a) perfect competition (b) monopoly
(c) oligopoly (d) monopolistic competition
- Q.41** What is common between monopoly and monopolistic competition?
(a) inefficient allocation of resources (b) wastage of resources
(c) both (a) and (b) (d) none of these
- Q.42** There is / are _____ types of price leadership models in oligopoly.
(a) one (b) two
(c) three (d) four
- Q.43** Imperfect oligopoly is based on _____.
(a) product differentiation (b) product homogeneity
(c) intense competition (d) existence of few firms
- Q.44** If transactions involve contracts with a promise to pay and deliver goods at some future date, it is an example of _____ type of market.
(a) forward (b) future
(c) both (a) and (b) (d) none of these
- Q.45** Kinked demand curve model was developed by _____.
(a) Courtnot (b) Bertrand
(c) Stackelberg (d) Paul Sweezy

- Q.46** Consumer surplus becomes zero under which degree of price discrimination?
(a) first degree (b) second degree
(c) third degree (d) fourth degree
- Q.47** Equilibrium condition for a discriminating monopoly selling its product in two markets, A and B is _____.
(a) $MR_A + MR_B = MC$ (b) $MR_A = MR_B = MC$
(c) $MR_A + MR_B > MC$ (d) $MR_A = MR_B = MC_{A+B}$
- Q.48** Productive efficiency is best described by _____ equation
(a) $AC = AR$ (b) $AR = MR$
(c) $AR = AVC$ (d) $AC = MC$
- Q.49** Which one of the following is not an objective of price discrimination?
(a) maximize profit (b) enjoy diseconomies of scale
(c) capture foreign market (d) dispose surplus stock
- Q.50** Selling costs refer to money spent on _____.
(a) labour (b) land
(c) capital (d) advertisement
- Q.51** The great depression took place during _____.
(a) 1928–1932 (b) 1929–1930
(c) 1930–1933 (d) 1929–1933
- Q.52** Unemployment caused due to change of jobs and imperfect mobility of labor is known as _____ unemployment
(a) structural (b) frictional
(c) disguised (d) technological
- Q.53** Trend line represents the _____ line
(a) steady growth (b) declining growth
(c) exponential growth (d) none of these
- Q.54** Which of the following features related to business cycles is/are correct?
(a) business cycles are pervasive
(b) business cycles generally originate in free market economies
(c) business cycles occur periodically
(d) all of these

- Q.55** People's demand for holding liquid money increases during which phase of business cycle?
- (a) expansion (b) contraction
(c) recovery (d) through
- Q.56** Which of the following feature(s) is/are true during contraction?
- (a) producers anticipate higher levels of demand
(b) supply exceeds demand
(c) demand exceeds supply
(d) both (a) and (b)
- Q.57** Which is the most volatile component of aggregate demand?
- (a) consumption (b) exports
(c) imports (d) investment
- Q.58** Who opined that trade cycle is a purely monetary phenomenon?
- (a) J.M.Keynes (b) A.C.Pigou
(c) Hawtrey (d) Nicholas Kaldor
- Q.59** Net foreign demand for goods and services = _____
- (a) imports ÷ exports (b) exports – imports
(c) exports + imports (d) none of these
- Q.60** Which of the following are 'cyclical' businesses?
- (a) fashion retailers (b) construction
(c) restaurants (d) all of these

PART – II**Business and Commercial Knowledge****Questions**

- Q.61** Which form of business activity is preferred for having direct control over business?
- (a) Partnership (b) Sole proprietorship
(c) HUF (d) Company.
- Q.62** Business and its environment are in close and ____ interaction.
- (a) Frequent (b) Continuous
(c) Seldom (d) All the above
- Q.63** The mission of which transnational company is ‘Good Food, Good Life’?
- (a) Godrej Natures Basket (b) Reliance fresh
(c) Nestle (d) Britannia
- Q.64** A _____ emanates from decision and decision is taken in line with _____. Identify the right expression to fill in the blanks
- (a) Policy ; Goal (b) Goal; Policy
(c) Plan; Budget (d) Vision; Mission
- Q.65** The ____ is the rate at which commercial banks borrow money from the Reserve Bank of India against pledging of government securities.
- (a) Repurchase Rate (b) Bank Rate
(c) Repo Rate (d) Interest rate
- Q.66** Financial recovery of a loss making company is known as
- (a) Turnaround (b) Privatization
(c) Liberalization (d) Recovery stage
- Q.67** Commercial Awareness involves knowledge related to How Business
- (a) makes money
(b) what are the wants of customers
(c) What problems are there in particular areas of business
(d) all of the above

- Q.68** refers to inherent capability of an organisation which can be used to gain strategic advantage over its competitors.
- (a) Strength (b) Opportunities
(c) Core Competency (d) Weakness
- Q.69** By what name are the Education and Stationary products of ITC sold in India?
- (a) Camlin (b) Sundaram
(c) Natraj (d) Classmate
- Q.70** Public Policy is what the _____ actually decides or chooses to do. –
- (a) Government (b) Private Business
(c) Public (d) Both a and c
- Q.71** A category of Facilitators, who operate to ease the doing of business –
- (a) Business Facilitators (b) Trade Facilitators
(c) Industry Facilitators (d) None of the above
- Q.72** The statement defining what a company is and what it does is called
- (a) Mission (b) Vision
(c) Business Module (d) Goals and objectives
- Q.73** A joint Hindu family business is the result of a contract between the family members.
- (a) TRUE (b) FALSE
(c) Partially true (d) None of the above
- Q.74** _____ refers to all the external forces that have a impact on the functioning of the business.
- (a) Environment (b) Culture
(c) System (d) All the above
- Q.75** Which of the IT companies is not US based?
- (a) HCL Technologies Ltd (b) Microsoft Corporation
(c) Intel Corporation (d) IBM Corporation
- Q.76** David Easton propounded a Model on Politics-Policy Relationship. The policy is known as –
- (a) Feedback (b) White Box Model
(c) Black Box Model (d) Both (a) and (c)

- Q.77** _____ act as an intermediary between the shipper and transportation services and are responsible for the transportation of goods from one destination to another.
- (a) Freight forwarder (b) Business Incubator
(c) Financial Consultant (d) Merchandiser
- Q.78** A market in which there is a consistent fall in stock prices?
- (a) Stock Market (b) Capital Market
(c) Bear Market (d) Bull Market
- Q.79** Business is all around Hence is _____ in nature.
- (a) Pervasive (b) pertinent
(c) prevalent (d) extensive
- Q.80** _____ is the environment that has a direct impact on the business and is within the control of the Entity / Management / Entrepreneurs.
- (a) External environment (b) Internal environment
(c) Both (a) and (b) (d) Competitive environment
- Q.81** State Bank of India was originally known as
- (a) Centurion Bank (b) United Bank of India
(c) Imperial Bank (d) None of the Above
- Q.82** Process of Selling of shares of Public Sector Enterprises to public is known as _____
- (a) Disinvestment (b) Delegation
(c) Displacement (d) All the above
- Q.83** Which of the following statements is not true about FPI?
- (a) Speculative in nature
(b) Leads to an increase in Output, Employment, Wage Levels, etc. of the Country in which Investment takes place
(c) No interest in Management or Control
(d) Constitutes Investment in Nominal Capital
- Q.84** Measurement of relationship between stock price of any particular stock and the movement of whole market is called
- (a) Beta (b) Alpha
(c) Bid (d) Bond

- Q.85** Turnover, profit and efficiency are a part of ____ objectives of a business.
- (a) Economic (b) Organic
(c) Social (d) Legal
- Q.86** Which among the following are the key drivers of globalisation?
- (a) Government policy, economic cycles, competition and socio-demographic factors
(b) Market convergence, competition, exchange rates and cost advantages
(c) Cost advantages, government action, economic cycles and competition
(d) Market, cost, competition and government policies.
- Q.87** Which of the following is not a product of Bajaj Auto Limited?
- (a) Avenger (b) Discover
(c) Splendor (d) Pulsar
- Q.88** _____ is a plan or course of action, of a Government, intended to influence and determine decisions, actions, and other matters.
- (a) Public policy (b) Investment Policy
(c) Government policy (d) Trade Policy
- Q.89** _____ is the competition, where product that perform the same function compete against each other.
- (a) Horizontal (b) Vertical
(c) Direct (d) Indirect
- Q.90** _____ refers to situation when a firm charges a different price to different groups of consumers for an identical groups of consumers for an identical good or service, for reasons not associated with costs.
- (a) Price discrimination (b) Price rigidity
(c) Price sensitivity (d) None of the above
- Q.91** Which of the following is a feature of LLP?
- (a) Separate legal entity
(b) Unlimited liability
(c) No perpetual succession
(d) Not a body corporate and minimum formalities

- Q.92** _____ is the process of gathering information on the Company's environment, analyzing it and forecasting the impact of all predictable environmental changes.
- (a) SWOT (b) Environmental scanning
(c) TOWS (d) Both a and b
- Q.93** NESTLE is a beverage partner with which of the following companies?
- (a) Coca-Cola India
(b) PepsiCo India Holdings Pvt. Ltd.
(c) Patanjali
(d) Dabur India Ltd
- Q.94** Protective custom duties are examples of _____ policies.
- (a) Restrictive (b) Regulatory
(c) Facilitating (d) Financial
- Q.95** Which of the following act as the principal financial institution in the field of international trade of India
- (a) NABARD (b) SIDBI
(c) EXIM Bank (d) RBI
- Q.96** A limit that regulates the increases or decrease in the rate of interest and instalments of an adjustable rate mortgage is known as ____ .
- (a) Gap (b) Cap
(c) Basis Point (d) None of the above
- Q.97** Which of the following forms of organisation does not have perpetual succession?
- (a) Company (b) LLP
(c) Sole Proprietorship (d) Co-operative Society
- Q.98** The approach adopted by enterprises which are very passive in their behaviour and are solely guided by the signals of external environment.
- (a) Dynamic approach (b) Confident approach
(c) Conservative approach (d) Conventional approach
- Q.99** Which industrial category does Wipro Ltd. come under?
- (a) Pharmaceuticals (b) FMCG
(c) Media (d) IT- Software

Q.100 The private enterprise expands and gradually displaces the government entity.

This concept is known as

- (a) Delegation
- (b) Divestment
- (c) Displacement
- (d) Disinvestment

J.K.SHAH CLASSES