

**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** The statement – ‘Poverty ratio in India’ has significantly declined after reforms of 1991 is a \_\_\_\_\_ statement.
- (a) positive (b) normative  
(c) logical (d) illogical
- Q.2** Which of the following topics is not studied in macroeconomics?
- (a) business cycles (b) poverty  
(c) unemployment (d) none of these
- Q.3** Business economics \_\_\_\_\_
- (a) is both an art and a science (b) is normative  
(c) avoids abstract and theoretical aspects (d) all of these
- Q.4** External issues confronting decision makers in a firm include
- (a) pricing policies (b) government policies  
(c) profit policies (d) inventory management
- Q.5** ‘For whom to produce?’ is basically a problem of \_\_\_\_\_
- (a) choice of technology  
(b) choice of goods to be produced  
(c) distribution of national income  
(d) choice of place of production
- Q.6** Consumer sovereignty is a distinct feature of \_\_\_\_\_.
- (a) capitalism (b) socialism  
(c) mixed economy (d) none of these

- Q.7** Due to lack of incentives entrepreneurship is not encouraged in \_\_\_\_\_
- (a) capitalism (b) socialism  
(c) mixed economy (d) market socialism
- Q.8** The term 'Economics' owes its origin to the Greek word \_\_\_\_\_.
- (a) Eudomenia (b) Oikonomia  
(c) Eukonomia (d) Economica
- Q.9** The economic environment in which the firm functions is \_\_\_\_\_
- (a) highly complex and static (b) highly complex and dynamic  
(c) simple and static (d) simple and dynamic
- Q.10** A socialist economy is also called as
- (a) command economy  
(b) centrally planned economy  
(c) both (a) and (b)  
(d) control and command economy
- Q.11** There are \_\_\_\_\_ sectors of industries in a mixed economy.
- (a) two (b) three  
(c) four (d) five
- Q.12** Hardware and software are \_\_\_\_\_ goods
- (a) substitute (b) complementary  
(c) independent (d) flexible
- Q.13** Demand for factors of production is \_\_\_\_\_ demand.
- (a) derived (b) autonomous  
(c) static (d) direct
- Q.14** Which of the following is/are exception(s) to law of demand?
- (a) Veblen goods (b) Giffen goods  
(c) Speculative goods (d) all of these
- Q.15** In case of inferior goods, with a decrease in income, demand \_\_\_\_\_
- (a) increases (b) decreases  
(c) does not change (d) none of these

- Q.16** On a straight–line demand curve, price elasticity at X–intercept is \_\_\_\_\_
- (a) one (b) greater than one  
(c) infinite (d) zero
- Q.17** Which of the following is an implication of the law of diminishing marginal utility?
- (a) all wants can be satisfied  
(b) any one want at a point of time is satiable  
(c) some wants can be completely satisfied  
(d) no wants can be completely satisfied
- Q.18** The concept of consumer surplus is helpful to \_\_\_\_\_
- (a) firms in pricing decisions  
(b) governments in taxing decisions  
(c) regulators in regulating decisions  
(d) both (a) and (b)
- Q.19** Concave indifference curve implies \_\_\_\_\_ marginal rate of substitution.
- (a) decreasing (b) increasing  
(c) constant (d) none of these
- Q.20** Price of shoes increases from Rs. 800 to Rs. 1,000. As a result its demand contracts from 5000 units to 3000 units. What is are elasticity of demand?
- (a)  $-2.25$  (b)  $2.25$   
(c)  $0.44$  (d)  $-0.44$
- Q.21** When the price of electricity increased from Rs. 10 to Rs. 12 per unit, the demand for electronic items decreased from 800 to 700 units. Cross price elasticity between these products is \_\_\_\_\_
- (a)  $+0.625$  (b)  $-0.625$   
(c)  $6.25$  (d)  $-6.25$
- Q.22** Demand for milk as a generic good may be \_\_\_\_\_ but demand for Amul milk may be \_\_\_\_\_
- (a) inelastic, elastic (b) elastic, inelastic  
(c) inelastic, inelastic (d) elastic, elastic

- Q.23** If sellers expect future prices to increase, current supply
- (a) increases (b) decreases  
(c) does not change (d) cannot say
- Q.24** At the point of tangency of indifference curve and budget line \_\_\_\_\_ for a consumer
- (a)  $MRS_{x,y} = P_x / P_y$  (b)  $MRS_{x,y} = MU_x / MU_y$   
(c)  $\frac{MU_x}{MU_y} = \frac{P_x}{P_y}$  (d) All of these
- Q.25** Production process involves conversion of \_\_\_\_\_
- (a) tangible inputs to tangible output  
(b) intangible inputs to intangible output  
(c) both (a) and (b)  
(d) None of these
- Q.26** Which of the following is not a feature of land?
- (a) land is free gift of nature (b) land is homogeneous  
(c) land has multiple uses (d) land lacks mobility
- Q.27** Eight laborers produce 80 units of output. When ninth labor joins them output increases to 90 units. So it can be concluded that average productivity of nine labourers and marginal productivity of the ninth labor is \_\_\_\_\_ respectively.
- (a) 8 and 10 (b) 10 and 8  
(c) 10 and 10 (d) 8 and 8
- Q.28** 'Satisficing' behavior as a chief objective of firm was given by \_\_\_\_\_
- (a) H.A.Simon (b) Baumol  
(c) Williamson (d) Cyert and March
- Q.29** \_\_\_\_\_ explains short run output behaviour
- (a) law of variable proportion  
(b) law of supply  
(c) law of returns to scale  
(d) Cobb- Douglas production function

- Q.30** Inputs are increased by one-third and output increases by two-thirds. This is a case of \_\_\_\_\_.
- (a) increasing returns to scale (b) decreasing returns to scale  
(c) constant returns to scale (d) data is insufficient
- Q.31** \_\_\_\_\_ leads to reduction in average cost of production
- (a) economies of scale (b) diseconomies of scale  
(c) agglomeration of firms (d) none of these
- Q.32** As output increases \_\_\_\_\_ never increases.
- (a) total cost (b) average cost  
(c) average fixed cost (d) average variable cost
- Q.33** If  $MC < AC$ , then \_\_\_\_\_
- (a) AC must be decreasing (b) AC must be minimum  
(c) MC must be minimum (d) AC must be increasing
- Q.34** AC of producing 10 units is Rs. 5 and AC of producing 11 units is Rs. 6. So the marginal cost of 11<sup>th</sup> unit is Rs. \_\_\_\_\_.
- (a) 6 (b) 66  
(c) 16 (d) 50
- Q.35** Isoquant curve is \_\_\_\_\_ to the origin
- (a) concave (b) convex  
(c) linear (d) logarithmic
- Q.36** Slope of isoquant curve is \_\_\_\_\_ of two factors
- (a) MRS (b) MRTS  
(c) Product (d) Sum
- Q.37** Which of the following statements is false?
- (a) Some costs consist of both fixed and variable components  
(b) AFC becomes infinitesimally small at large levels of output  
(c) AVC curve is L-shaped  
(d) AC and MC curves are U-shaped

- Q.38** Perishable goods like vegetables, milk and fruits generally have \_\_\_\_\_ market.
- (a) local (b) regional  
(c) national (d) global
- Q.39** A market characterized by one buyer facing many sellers is \_\_\_\_\_
- (a) monopoly (b) bilateral monopoly  
(c) monopsony (d) oligopsony
- Q.40** The implication of free entry and exit of firms is that \_\_\_\_\_
- (a) in the short run all firms earn normal profit  
(b) in the short run all firms make losses  
(c) in the long run all firms earn abnormal profit  
(d) in the long run all firms earn normal profit
- Q.41** Pure competition is characterized by \_\_\_\_\_
- (a) large number of buyers and sellers  
(b) homogeneous commodities  
(c) free entry and exit of firms  
(d) all of these
- Q.42** Price of the product is Rs. 10 and its elasticity of demand is 2. So MR for this product is Rs. \_\_\_\_\_.
- (a) 20 (b) 8  
(c) 5 (d) 50
- Q.43** In the long run in monopoly, output is relatively \_\_\_\_\_ and price relatively \_\_\_\_\_ when compared with perfect competition.
- (a) lower, higher (b) higher, lower  
(c) lower, lower (d) higher, higher
- Q.44** In the kinked demand curve model, demand is \_\_\_\_\_ below the prevailing price.
- (a) elastic (b) inelastic  
(c) perfectly elastic (d) unitary elastic

- Q.45** Selling costs are important in \_\_\_\_\_
- (a) perfect completion (b) monopoly  
(c) monopolistic competition (d) all of these
- Q.46** If supply decreases and demand does not change then we can certainly say that \_\_\_\_\_
- (a) price decreases and output increases  
(b) price increases and output decreases  
(c) price and output both decreases  
(d) price and output both increase
- Q.47** Optimum allocation of resources in the long run is possible only in \_\_\_\_\_
- (a) monopoly (b) oligopoly  
(c) monopolistic competition (d) perfect competition
- Q.48** Price of the same commodity varies by attributes such as location under \_\_\_\_\_ degree of price discrimination.
- (a) first (b) second  
(c) third (d) fourth
- Q.49** Price discrimination is possible only if
- (a) firm has price-setting power  
(b) firm is able to divide his market into two or more sub markets  
(c) price elasticity of demand is different in different sub-markets  
(d) all of these
- Q.50** Price of product sold in perfect competition is Rs. 18. AC of this product is Rs. 16. So its MR is \_\_\_\_\_
- (a) Rs. 18 (b) Rs. 2  
(c) Rs.16 (d) Rs. 4
- Q.51** If new firms can enter oligopoly market, it is known as \_\_\_\_\_ oligopoly
- (a) pure (b) imperfect  
(c) open (d) closed

- Q.52** Cost of living increases drastically during \_\_\_\_\_
- (a) peak (b) expansion  
(c) tough (d) depression
- Q.53** The turning point from depression to expansion is marked by \_\_\_\_\_
- (a) recovery (b) downturn  
(c) trough (d) peak
- Q.54** \_\_\_\_\_ indicators reflect economy's historical performance.
- (a) leading (b) coincident  
(c) lagging (d) monetary
- Q.55** Business cycles are generally observed in \_\_\_\_\_
- (a) socialism (b) capitalism  
(c) mixed economy (d) feudalism
- Q.56** Which sector is more prone to the adverse effects of trade cycles?
- (a) agricultural sector (b) industrial sector  
(c) education sector (d) technology sector
- Q.57** Who was of the opinion that business cycles are due to fluctuations in aggregate effective demand?
- (a) Hawtrey (b) Kaldor  
(c) Schumpeter (d) Keynes
- Q.58** What can initiate recession in an economy?
- (a) expansionary policies (b) optimism  
(c) increase in demand (d) decrease in money supply
- Q.59** Inflation occurs if \_\_\_\_\_
- (a) aggregate demand is less than aggregate supply  
(b) aggregate demand is more than aggregate supply  
(c) aggregate demand is equal to aggregate supply  
(d) none of these
- Q.60** Who was of the opinion that business cycles result from the fact that present prices substantially influence the production at a future date?
- (a) Nicholas Kaldor (b) Schumpeter  
(c) J.M.Keynes (d) Pigou



**PART – II**

- Q.61** An example of Non-Economic Activity
- (a) Running a profitable coaching class
  - (b) Working as a manager in a charitable hospital for salary
  - (c) Practicing as a CA
  - (d) Manufacturing goods for charitable purpose
- Q.62** \_\_\_\_\_ factors affects the economy as a whole and are not particular to any organisation.
- (a) Micro
  - (b) Macro
  - (c) Internal
  - (d) None of the above
- Q.63** L & T stands for
- (a) Larsen & Thunderbolt
  - (b) Levis & Toubro
  - (c) Larson & Toubro
  - (d) Levis & Thunderbolt
- Q.64** \_\_\_\_\_ is the model of Government where private sector dominates.
- (a) Communist
  - (b) Mixed
  - (c) Capitalist
  - (d) Socialist
- Q.65** \_\_\_\_\_ helps to create and grow young start ups by providing them with all the necessary support.
- (a) Business Accelerator
  - (b) Business Incubator
  - (c) Business Facilitator
  - (d) Merchandiser
- Q.66** Pricing strategy that involves setting up a lower price for the product in order to discourage potential new entrants is known as \_\_\_\_\_.
- (a) Penetration Pricing
  - (b) Skimming Pricing
  - (c) Pre-Emptive Pricing
  - (d) Predatory Pricing
- Q.67** Which of the following is the characteristics of HUF?
- (a) Limited Liability of Karta
  - (b) Unlimited liability of co - parcener
  - (c) Fluctuating share of each member
  - (d) All of these

- Q.68** The term PESTLE analysis is used to describe a framework for \_\_\_\_\_ environment analysis.
- (a) Macro Environment
  - (b) Micro Environment
  - (c) Both Macro and Micro Environment
  - (d) None of above
- Q.69** The headquarter of Adani Group is situated in \_\_\_\_\_.
- (a) Tamil Nadu
  - (b) Gujarat
  - (c) Punjab
  - (d) Rajasthan
- Q.70** Who can be a Foreign Direct Investor?
- (a) Governments or Government Agencies,
  - (b) Estates, Trusts, or other organizations,
  - (c) Unincorporated Private or Public Enterprises
  - (d) All of the above
- Q.71** \_\_\_\_\_ represents the ratio of liquid assets of the banks to their deposit liabilities.
- (a) SLR
  - (b) CRR
  - (c) Cash Reserve
  - (d) Compulsory Liquidity Ratio
- Q.72** Measure of change in financial parameters such as interest, stock indices and market rates is called \_\_\_\_\_.
- (a) Census point
  - (b) Index point
  - (c) Basis point
  - (d) All of the above
- Q.73** 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
- Q.74** Internal business environment does not include:
- (a) Human resource
  - (b) Money resource
  - (c) Marketing Resources
  - (d) Government Policies.

- Q.75** Who is the present CEO of Microsoft?
- (a) SatyaNadella (b) Michael Dell  
(c) SundarPichai (d) Bill Gates
- Q.76** The Lower House in State Legislature is \_\_\_\_\_.
- (a) RajyaSabha (b) VidhanSabha  
(c) LokSabha (d) VidhanParishad
- Q.77** SEBI has its Western Regional Office situated in \_\_\_\_\_.
- (a) Gandhinagar (b) Jaipur  
(c) Ahmedabad (d) Surat
- Q.78** A guarantee given by the lender that there will be no change in the quoted mortgage rates for a specified period of time, which is called the \_\_\_\_\_.
- (a) Lock-in period (b) Maturity period  
(c) Holding Period (d) All the above
- Q.79** BCK helps CAs in \_\_\_\_\_.
- (a) Becoming more aware and responsible  
(b) Conducting audit diligently  
(c) Handling business issues and providing solutions  
(d) All of the above
- Q.80** The size, density, distribution and growth rate of population is called as \_\_\_\_\_.
- (a) Ecology (b) Habitat  
(c) Demographics (d) None of the above
- Q.81** Where is the Headquarters of Infosys Limited?
- (a) Mangalore (b) Hyderabad  
(c) Bengaluru (d) Cyberabad
- Q.82** 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
- (a) Partial Disinvestment (b) Complete Disinvestment  
(c) Delegation (d) Displacement

- Q.83** NABARD is the most important institution in the country which looks after the development of the \_\_\_\_\_.
- (a) Cottage industry (b) Small industry  
(c) Village industry (d) All of the above
- Q.84** \_\_\_\_\_ is a strategy used to minimize risk of an investment and maximize the returns.
- (a) Strategic Management (b) Hedge  
(c) Arbitrage (d) Portfolio Risk Management
- Q.85** Stock Market players that have pessimistic expectations –
- (a) Bulls (b) Bears  
(c) Cash cows (d) None of the above
- Q.86** Supplier Environment does not have an impact on –
- (a) Quality of materials  
(b) Cost of Materials and Service  
(c) Changes in tastes, preferences and expectations of consumers  
(d) Availability of materials and services
- Q.87** Cipla operates in which of the following industry?
- (a) Food (b) Pharma  
(c) Hotels (d) Retail
- Q.88** Waiving of farm loans is an example of –
- (a) Regulatory Policy (b) Facilitative Policy  
(c) Restrictive Policy (d) Distributive Policy
- Q.89** How many officials of RBI shall be members of the SEBI Board?
- (a) No Minimum limit  
(b) Atleast 1  
(c) Atleast 2  
(d) No RBI Officials can be a member of SEBI
- Q.90** Which is not a “P” of marketing?
- (a) Product (b) Psychology of consumer  
(c) Place (d) Promotion

- Q.91** Which of the following is a Non-corporate Entity?  
(a) Sole Proprietorship, HUF and Partnership HUF,  
(b) Trust and LLP Partnership  
(c) LLP and Private companies Sole Proprietorship,  
(d) LLP and Partnership
- Q.92** The businesses should continuously \_\_\_\_\_ and \_\_\_\_\_ to the environment if it is to service and prosper.  
(a) Monitor, appraise  
(b) Monitor, adapt  
(c) Identify, adapt  
(d) Adapt, appraise
- Q.93** FEMA replaced FERA as legislation in:  
(a) 1991  
(b) 1998  
(c) 1999  
(d) 2000
- Q.94** Ratio of cash to the total deposits that the banks are required to maintain on a daily Basis  
(a) SLR  
(b) CRR  
(c) Gearing Ratio  
(d) Reserve Ratio
- Q.95** Which of the following is not an Indian Development Bank?  
(a) EXIM Bank  
(b) NABARD  
(c) RBI  
(d) IDBI
- Q.96** Collection of various types of securities of different companies operating in different sectors.  
(a) Basket trading  
(b) Holdings  
(c) Portfolio  
(d) Collar
- Q.97** Reducing the investment risk by purchasing shares of different companies operating in different sectors is  
(a) Diversification  
(b) Risk management  
(c) Risk reduction  
(d) None of the above

- Q.98** Benchmarking is \_\_\_\_\_
- (a) The process of comparing the products and services of a business against those of competitors in a market, or leading businesses in other markets, in order to and ways of improving quality and performance
  - (b) An analysis of competitor strengths and weaknesses.
  - (c) Used to evaluate a Firm's relative competitive position opportunities or improving
  - (d) All the above
- Q.99** A Mobile handset manufacturing Company of Malaysia investing in a textile company in India is an example of –
- (a) Horizontal FDI
  - (b) Vertical FDI
  - (c) Conglomerate FDI
  - (d) None of the above
- Q.100** Who propounded the Triple Bottom Line Approach?
- (a) John Elkington
  - (b) John Elres
  - (c) John Keynes
  - (d) None of the above