

TOPIC: FULL BUSINESS ECONOMICS AND BUSINESS COMMERCIAL KNOWLEDGE

1. In a Perfect Competitive Market –
 - (a) Firm is the Price – Giver and Industry is the Price Taker
 - (b) Firm is the Price Taker and industry is the Price – Giver
 - (c) Both are Price Takers
 - (d) none of the above
2. If Tea and Coffee are Substitutes, a fall in the Prices of Tea leads to –
 - (i) Rise in the demand for Tea (ii) Fall in the supply of Coffee
 - (iii) Fall in the demand for Coffee (iv) Rise in the supply of Tea
 - (a) Both (ii) and (iv) above (b) Both (i) and (iii) above
 - (c) Both(ii) and (iii) above (d) Both(iii) and (iv)
3. Socialistic Economy
 - (i) Ensures minimum standard of living to all people
 - (ii) Restricts freedom of individuals
 - (iii) Does not give importance to personal efficiency and productivity
 - (iv) Emphasis on equal distribution of wealth
 - (a) (i) and (ii) (b) (i), (ii) and (iv)
 - (c) (i), (ii), (iii) and (iv) (d) (ii) and (iv)
4. What is the relationship between AR and MR in imperfect competition
 - (a) AR and MR both are negatively sloped
 - (b) MR Curves always lies – half – way between AR Curve and Y- axis
 - (c) MR can be zero or negative
 - (d) All of these
5. If the quantity demanded of Product X increases from 8 to 12 units in response to an increase in the price of product Y from Rs. 23 to Rs. 27, the Cross Elasticity of Demand for X with respect to Price of Y is approximately –
 - (a) 0.35 and X and Y are Complements. (b) 0.35 and X and Y are Substitutes
 - (c) 2.5 and X and Y are Complements (d) 2.5 and X and Y are Substitutes
6. The term business cycle refers to
 - (a) the ups and downs in production of commodities
 - (b) the fluctuating levels of economic activity over a period of time
 - (c) decline in economic activities over prolonged period of time
 - (d) increasing unemployment rate and diminishing rate of savings
7. Which of the following statements regarding Perfect Competition is false ?
 - (a) The Marginal Revenue Curve is a straight line
 - (b) In the short run, Fixed Costs remain constant and cannot be changed
 - (c) The Firm becomes a Price – Taker and tries to achieve equilibrium
 - (d) Marginal Revenue is more than the price
8. To enable Employees enjoy a good standard of living and maintain work – life balance, is a
 - (a) Social Objective (b) Human Objective
 - (c) National Objective (d) Economic Objective
9. The most probable outcome of an increase in the money supply is
 - (a) interest rates to rise, investment spending to rise, and aggregate demand to rise
 - (b) interest rates to rise, investment spending to fall, and aggregate demand to fall
 - (c) interest rates to fall, investment spending to rise, and aggregate demand to rise
 - (d) interest rates to fall, investment spending to fall, and aggregate demand to fall

10. If demand is unit elastic then what is the value of MR ?
(a) infinite (b) positive (c) negative (d) 0
11. What should Firm do if Total Revenue from its product is less than its Total Variable Cost ?
(a) Firm should carry production
(b) Firm should stop production
(c) Firm should carry production and at least try to get revenues equal to fixed cost
(d) None of these
12. In which of the following markets (in the long run) excess capacity is present?
(a) monopoly
(b) monopolistic market
(c) perfect competition
(d) both (a) and (b)
13. What implication(s) does resource scarcity have for the satisfaction of wants ?
(a) Not all wants can be satisfied
(b) We will never be faced with the need to make choices
(c) We must develop ways to decrease our individual wants
(d) The discovery of new natural resources is necessary to increase our ability to satisfy wants
14. If current consumption is reduced for the purpose of Capital Formation, that represents a
(a) Uneconomic activity (b) Current sacrifice for future growth
(c) Decrease in demand (d) Decrease in resources
15. In Perfect Competition, in the long run, if a new firm enters the industry, the supply Curve shifts to the right resulting in –
(a) Fall in Price (b) Rise in Price
(c) Reduction in Supply (d) No change in Price
16. If the Demand of a commodity is perfectly inelastic, a decrease in Supply will result in –
(a) Decrease in Price , quantity remaining the same
(b) Increase in both Price and Quantity
(c) Decrease in both Price and Quantity
(d) Increase in price, quantity remaining the same
17. When LAC Curve is declining, it will be tangent to the
(a) Falling portions of the SAC Curves (b) Rising portions of the SAC Curves
(c) Both (a) and (b) (d) Neither (a) nor (b)
18. Which of the following is not an example of coincident indicator ?
(a) Industrial production (b) Inflation
(c) Retail sales (d) New orders for plant and equipment
19. A Capitalist Economy uses as the principal means of allocating resources –
(a) Demand (b) Supply (c) Efficiency (d) Prices
20. Consumer Surplus is the area _____
(a) Below the Demand Curve and above the price
(b) Above the Supply Curve and below the price
(c) Above the Demand Curve and below the price
(d) Below the Supply Curve and above the price
21. Given the following four possibilities, which one results in an increase in Total Consumer Expenditure ?
(a) Demand is unitary elastic and price falls (b) Demand is elastic and price rises
(c) Demand is inelastic and price falls (d) Demand is inelastic and price rises

22. MU of X is 5. MU of Y is 10. So the slope of budget line is
 (a) 0.5 (b) 50
 (c) 2 (d) data insufficient
23. Micro Economics deals with –
 (a) External value of Money (b) Employment
 (c) Savings and Investment (d) Consumer Behaviour
24. At a price of Rs. 300 per month, there are 30,000 subscribers to Cable TV in a Small Town. If the Cable Company raises its price to Rs. 400 per month, the number of subscribers will fall to 20,000. Using the mid – point method for calculating the elasticity, what is the Price Elasticity of Demand for Cable T.V. ?
 (a) 1.4 (b) 0.66 (c) 0.75 (d) 2.0
25. Under Monopolistic Competition, each Seller tries to develop Brand Loyalty for his product. This statement is –
 (a) True (b) False (c) Partially True (d) None of the above
26. Budget of the consumer is Rs.200. He purchases 10 units of commodity X , price of X is Rs. 5.Price of commodity Y is Rs. 10. How many units of Y can be purchased assuming savings or borrowings to be zero?
 (a) 5 (b) 10
 (c) 15 (d) 13
27. As a Factor of Production, the supply of Land is relatively elastic from the viewpoint of –
 (a) The entire economy (b) An individual Firm
 (c) Both (a) and (b) (d) Neither (a) nor (b)
28. Which of the following features is not associated with a Monopoly market structure?
 (a) There is only one seller in the market.
 (b) There are no close substitutes for the product
 (c) There are barriers to entry
 (d) There are no close complements for the product
29. Who propounded the cobweb theory as an explanation of business cycles?
 (a) Joseph Schumpeter
 (b) Nicholas Kaldor
 (c) Hawtrey
 (d) J. M Keynes
30. Use the following data and answer the following question:

| Units | TFC | TVC | MC |
|-------|-----|------|-----|
| 0 | 500 | - | - |
| 1 | 500 | 400 | 400 |
| 5 | 500 | 1600 | - |

What is Marginal Cost of 5 units :

- (a) 300 (b) 400 (c) 500 (d) 700
31. Autonomy and Freedom is more in –
 (a) Socialistic Economy (b) Capitalistic Economy
 (c) Mixed Economy (d) All the above
32. Which of these is not a feature of Market?
 (a) Buyers and Sellers (b) Commodity, Product or Service
 (c) Bargaining for a Price (d) Government Regulation and Control

33. The price of a tiffin box is Rs. 100 per unit and the quantity demanded in a market is 1,25,000 units. Company increased the price to Rs. 125 per unit due to this increase in price quantity demanded decreases to 1,00,000 units. What will be price elasticity of demand according to arc method
 (a) 1.25 (b) 0.80 (c) 1.00 (d) None
34. Even with lower rate of interest, demand for credit declines in
 (a) Expansion Phase (b) Peak (c) Contraction Phase (d) Depression
35. Who propounded the price effect to explain inverse relationship between price and quantity demanded?
 (a) Smith and Ricardo (b) Hicks and Allen
 (c) Marshall (d) Robinson
36. As in Perfect Competition, the Firms operating in a monopolistically competitive industry can realize only Normal Profits in the long run because
 (a) The Firms tend to have diseconomies of scale in the long run
 (b) There are virtually no entry or exit barriers
 (c) Consumers are more price sensitive in the long run than in the short run
 (d) Cartels agreements tend to be more unstable with the increase of time as member Firms try to increase their profits by cheating on the agreement
37. "Inequalities of Income" refers to –
 (a) Gap between Rich and Poor (b) All Workers do not equal wages.
 (c) All companies do not earn same profit (d) All of the above
38. Isoquant represents
 (a) Constant quantity of input (b) Variable quantity of input
 (c) Variable quantity of output (d) Constant quantity of output
39. If Quantity Supplied increases by 60% for a 50% increase in Price, Elasticity of Supply is –
 (a) – 1.2 (b) + 1.2 (c) – 0.83 (d) + 0.83
40. The following are some Costs incurred by a Clothing Manufacturer. State which among them will be considered as Fixed Cost.
 (a) Cost of cloth
 (b) Piece Wages paid to Workers
 (c) Depreciation on Machines owing to time
 (d) Cost of Electricity for running machines
41. One characteristic not typical of Oligopolistic Industry is
 (a) Horizontal Demand Curve
 (b) too much importance to Non – Price Competition
 (c) Price Stickiness
 (d) A small number of Firms in the industry
42. If the Marginal Product of Labour is below the Average Product of Labour, it must be true that
 (a) The Marginal Product of Labour is negative
 (b) The Marginal Product of Labour is zero
 (c) The Average Product of Labour is falling
 (d) The Average Product of Labour is negative
43. Which of the following is an economic activity ?
 (a) Playing friendly cricket match
 (b) Teaching one's own daughter at home
 (c) Manufacturing Chairs at subsidized rate
 (d) A Housewife doing household duties

44. A variable that tends to move later than aggregate economic activity is called
 (a) a leading variable (b) a coincident variable
 (c) a lagging variable (d) a cyclical variable
45. Price discrimination is possible if two markets have –
 (a) Rising Cost Curve (b) Rising and declining Cost Curves
 (c) Different Elasticities of Demand (d) Equal Elasticities of Demand
46. The Consumer will attain maximum satisfaction, and will be _____ when Marginal Utility of money spent on various goods that he buys, are equal.
 (a) Irrational (b) In equilibrium (c) Rational (d) In happiness
47. The beginning of recession is
 (a) Peak (b) Trough (c) Contraction (d) Expansion
48. The superior method of forecasting is –
 (a) Expert Opinion method (b) Survey method
 (c) Statistical method (d) Barometric method
49. A Firm having a kinked Demand Curve indicates that
 (a) If the Firm increases the price, competitive Firms reduce the price
 (b) If the Firm increases the price, competitive Firms also increase the price
 (c) If the Firm reduces the price, competitive Firms do not reduce the price
 (d) If the Firm increases the price, competitive Firm do not increase the price
50. Economic profits are –
 (a) Difference between Total Revenue, and Total Implicit and Explicit Costs
 (b) Difference between Total Revenue and Total Economic Costs
 (c) Zero in a perfectly competitive industry in the long – run
 (d) All the above
51. Use of Labour or Capital intensive techniques of production relates to the problem of –
 (a) What to Produce (b) How to Produce
 (c) For whom to Produce (d) How to provide for growth
52. Which of the following statements best describes the Income Effect ?
 (a) It is the change in quantity demanded as a result of the changes in the income, keeping other things constant
 (b) It is the change in quantity demanded of substitute goods, as a result of change in the price of a product, keeping the income constant
 (c) It is the change in quantity demanded of a product, as a result of change in the real income because of change the price of the product
 (d) It is the change in the price of a good because of a rise or fall in the real income of the consumer
53. Growth of Ancillary Industries supplying related goods and services is an example of –
 (a) Internal Economies of Scale (b) Internal Diseconomies of Scale
 (c) External Economies of Scale (d) External Diseconomies of Scale
54. Unemployment is a
 (a) a leading indicator (b) a coincident indicator
 (c) a lagging indicator (d) a cyclical indicator
55. Concerned about the poor state of the economy, a Car Dealer estimates that if income decreases by 4%, Car Sales will fall from 352 to 335. Consequently, the Income Elasticity of Demand for cars is approximately –
 (a) –1.2 (b) 0.01 (c) 0.4 (d) 1.2
56. Bottled Cold Drinks Industry is an example of _____
 (a) Perfect Competition (b) Monopoly
 (c) Monopolistic Competition (d) Oligopoly

57. A Rational Producer intends to work in –
 (a) Stage of Constant Returns (b) Stage of Increasing Returns
 (c) Stage of Diminishing Returns (d) Stage of Negative Returns
58. Goods in respect of which the Consumers do not have time to adjust their consumption pattern are –
 (a) Less Elastic (b) Unit Elastic (c) More Elastic (d) Zero Elastic
59. The emphasis of Business Economics is more on
 (a) Normative theory only (b) Positive theory only
 (c) Normative than Positive theory (d) Positive than Normative theory
60. When does an economic expansion occur in the business cycle ?
 (a) At the peak of the business cycle (b) At the trough of the business cycle
 (c) Between the peak and trough (d) Between the trough and peak
61. Business environment represents _____ forces that exert some degree of impact on the business decision taken by the Firm
 (a) Internal forces (b) External Forces (c) Financial Forces (d) National Forces
62. Which of the following is not a product of Bajaj Auto Limited ?
 (a) Avenger (b) Discover (c) Splendor (d) CT 100
63. _____ is a process in which the Resident of one Country ownership of Financial Assets/ Securities in another Country ?
 (a) Foreign Direct Investment (b) Foreign Industrial Investment
 (c) Foreign Portfolio Investment (d) None of the Above
64. The Reserve Bank of India being the Central Bank of India performs all the central banking functions which one of the following is not the function of RBI ?
 (a) Issue of currency
 (b) Banker to the government
 (c) Watchdog of the unethical competitions in the market
 (d) Custodian of the nation's foreign exchange reserves.
65. Stock Market Players that have pessimistic expectations ?
 (a) Bulls (b) Bears (c) Cash Cows (d) None of the Above
66. "Demographics" denote _____.
 (a) Density of population (b) Growth rate of population
 (c) Characteristics of population (d) Bottlenecks of over population
67. Which of the following statement is correct ?
 (a) A Policy emanates from decision and decision is taken in line with the goal
 (b) A Decision emanates from policy and policy is taken in line with the goal
 (c) A goal emanates from Decision and decision is taken in line with the policy
 (d) A Policy emanates from goal and decision is taken in line with the goal
68. Public Policies are always _____. Fill in the gap taking the appropriate expression from the following :
 (a) Goal Oriented (b) Minutely defined (c) Pro – rich (d) For the poor
69. When was IBM incorporated ?
 (a) 1913 (b) 1915 (c) 1911 (d) 1917
70. Which IT company acquired Beats Electronic in 2014 ?
 (a) Microsoft corporation (b) Apple
 (c) Intel corporation (d) IBM Corporation
71. Which is the largest Commercial Bank of India ?
 (a) SBI (b) ICICI Bank (c) HDFC Bank (d) Axis Bank

72. An option to buy a particular share at a specified price within a specified future period is known as ?
(a) Put option (b) Bid (c) Offer (d) Case option
73. The maximum number of partners in a partnership firm can be ?
(a) 10 (b) 20 (c) 50 (d) 100
74. Business Responses to Environment are classified as ?
(a) Conservative, cautions and confident
(b) Administrative, Legal, Competitive and Collective
(c) Administrative, Competitive and collective
(d) Conservative, sluggish and Aggressive
75. The rate of interest offered by the Reserve Bank of India on deposit of surplus funds by commercial bank is known as ?
(a) Bank Rate (b) Repo Rate (c) Reverse Repo Rate (d) None of the above
76. Where is the Headquarters of Reliance Industries Limited ?
(a) Chennai (b) Mumbai (c) Kolkata (d) Delhi
77. FEMA replaced FERA as legislation in ?
(a) 1991 (b) 1992 (c) 1999 (d) 2006
78. Combination of two or more firms into a single firm to expand business operations ?
(a) Consolidation (b) Merger (c) Joint Venture (d) None of the above
79. Where can the first appeal against SEBI be made ?
(a) High court (b) Supreme Court (c) Securities Appellate Tribunal (d) RBI
80. What was the initial name of Apple Inc. ?
(a) Apple Corporation (b) Apple Computer Inc.
(c) Apple IT solutions (d) Apple Mac Inc.
81. Intermediaries in the marketing channel establish a line between _____.
(a) Organization and Customers (b) Organization and Suppliers
(c) Suppliers and the customers (d) Wholesalers and Retailers
82. Transfer of Interest exists in –
(a) Business (b) Profession (c) Employment (d) None of the above
83. The strategy used to minimize the risk and maximize the return on an investment is called ?
(a) Hedge (b) Index (c) Bid (d) Offer
84. The process by which a legislative proposal is brought before a law making body and then translated into the law of the land is called.
(a) Policy Drafting (b) Law Making
(c) Presenting the Law (d) None of the Above
85. The regional office of SEBI is not located in:
(a) Chennai (b) Kolkata (c) Chandigarh (d) Ahmedabad
86. Which of the following Brand is not owned by TATA ?
(a) Titan (b) Sonata (c) Voltas (d) B – Natural
87. Buying or selling all 30 scrips of sense in proportion of their current weights in the sensex in one go is called ?
(a) Basket trading (b) Arbitrage (c) Badla (d) Margin Trading
88. Which of the following does not characterize the Business Environment ?
(a) Methods of production (b) Complexity (c) Uncertainty (d) Relativity
89. Which company is the holding company of 100 independent companies of the Tata Group ?
(a) Tata Sons Ltd. (b) TCS Ltd. (c) Tata Steel Ltd. (d) Tata Motors Ltd.

90. Which of the following statements characterize the best about non – economic activities?
(a) Non – economic activities do not require any investment of resources
(b) These activities do not entail any operational costs
(c) These activities are undertaken by ascetics
(d) The underlying purpose of these activities is not earning of a livelihood but social, psychological or spiritual satisfaction.
91. Which of the following is not a characteristic of least resistance strategic response :
(a) Simple goal maintaining (b) Passive approach
(c) Dynamic (d) All of the Above
92. Dividing the total market into several groups on the basis of consumer characteristic is known as ?
(a) Market segmentation (b) Market Positioning
(c) Market Research (d) None of the above
93. Production represents the _____ side of economics ?
(a) Demand (b) Supply (c) Income (d) Investment
94. Which company is world's largest retailer ?
(a) Shoppers Stop (b) Smart (c) Spencer (d) Walmart
95. Policy is concerned with the –
(a) Targets of the Government
(b) General welfare and development of the Society.
(c) Choosing one particular course of action, out a many alternatives available
(d) All of the above
96. Which of the following is not Manufactured by Cadburys ?
(a) Chocolates (b) Biscuits (c) Beverages (d) None of the above
97. A Firm's capacity to take advantage over its competitors is known as –
(a) Opportunity (b) Power (c) strength (d) Prospect
98. The values, beliefs and tradition share by the members of a company is called ?
(a) Corporate culture (b) Consortium (c) Cross selling (d) None of the above
99. 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 Privatization
(c) Delegation (d) Displacement
100. The money deposit made by the buyer to the seller of real estate during negotiation state is known as ?
(a) Earnest Money Deposit (b) Fixed Deposit
(c) Current Deposit (d) None of the above