

Series – 7 (ECO)

1. 'Economics is a Science which deals with wealth' was referred by
 - (a) Alfred Marshal
 - (b) J.B. Say
 - (c) Adam Smith
 - (d) A.C. Pigou.
2. Exploitation and inequality are minimal under:
 - (a) Socialism
 - (b) Capitalism
 - (c) Mixed economy
 - (d) None of the above
3. Which of the following is a cause of an economic problem?
 - (a) Scarcity of Resources
 - (b) Unlimited wants
 - (c) Alternative uses
 - (d) All of the above.
4. The law of Scarcity
 - (a) Does not apply to rich, developed countries
 - (b) Does not apply to poor, under developed countries
 - (c) Implies only to socialist economies
 - (d) Implies that all consumer wants will never be completely satisfied.
5. Which of the following is not within the Scope of Business Economics?
 - (a) Capital Budgeting
 - (b) Accounting Standards
 - (c) Business Cycles
 - (d) Risk Analysis
6. In a perfectly competitive firm, MC curve above AVC is the ___ Curve of the firm
 - (a) 'Average cost
 - (b) Marginal revenue
 - (c) Demand
 - (d) Supply
7. In the long run, normal profits are included in the ___ curve.
 - (a) LAC

- (b) LMC
 - (c) AFC
 - (d) SAC
8. 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.
9. Indicate which of the following is a variable cost?
- (a) Payment of rent on building
 - (b) Cost of Machinery
 - (c) Interest payment on Loan taken from bank
 - (d) Cost of raw material
10. In case of necessities the marginal utilities of the earlier units are large. In such cases the consumer surplus will be:
- (a) Infinite
 - (b) zero
 - (c) Marginally positive
 - (d) Marginally Negative
11. Price discrimination is not possible
- (a) Under Monopoly
 - (b) Under Monopolistic competition
 - (c) Under perfect competition
 - (d) Under any market firm
12. Calculate Income-elasticity for a household when the income of this household rises by 5% and the demand for buttons does not change at all.
- (a) Infinity
 - (b) 1
 - (c) 5
 - (d) Zero
13. If the goods are perfect substitutes for each other then cross elasticity is
- (a) Infinite
 - (b) One
 - (c) Zero

- (d) None of the above
14. A firm encounters its shut down point when:
- (a) Average total cost equals 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
15. In which form of the market structure is the degree of control over the price of its product by a firm is very large?
- (a) Imperfect competition
 - (b) Monopoly
 - (c) Oligopoly
 - (d) Perfect competition
16. 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
17. The income of a household rises by 20 per cent, the demand for computer rises by 50%, this means computer is a/an:
- (a) Inferior good
 - (b) Luxury good
 - (c) Necessity
 - (d) None of the above
18. The marginal product of a variable input is best described as:
- (a) Total product divided by the number of units of variable input
 - (b) The additional output resulting from a one unit increase in the variable input
 - (c) The additional output resulting from a one unit increase in both the variable and fixed inputs
 - (d) None of the above
19. When we study why saving rates are high or low, we are studying :
- (a) Macro Economics
 - (b) Micro Economics
 - (c) Econometrics
 - (d) Both (a) and (b)
20. Which of the following statements is false with respect to Business Cycles:
- (a) They occur periodically.

- (b) They generally originate in free market economies.
- (c) They are international in character.
- (d) They do not affect capitalist economies.
21. If the price of Banana rises from ₹ 30 per dozen to ₹ 40 per dozen and the supply increases from 240 dozen to 300 dozens elasticity of supply is: (use arc elasticity Method)
- (a) .7
- (b) -.67**
- (c) .65**
- (d) .77**
22. If as a result of 90 per cent increase in all inputs, the output increase by 75 per cent this is a case of
- (a) Increasing return of a factor
- (b) Decreasing return of a factor
- (c) Diminishing returns to scale
- (d) None of the above
23. If distribution of income is more equal, then the propensity to consume of the country is
- (a) Relatively High
- (b) Relatively Low
- (c) Unaffected
- (d) None of the above
24. During 1920s, UK saw rapid growth in GDP, production levels and living standards. The economic growth also caused an unprecedented rise in stock market values. This is an example of:
- (a) Boom
- (b) Recession
- (c) Contraction
- (d) Trough
25. If demand for a good is elastic, an increase in its price will cause total expenditure of the consumer of the good to:
- (a) Increase
- (b) Decrease
- (c) Remain the same
- (d) None of the above
26. If a good is priced at ₹ 180 p.u. and its price is increased to ₹ 240 p.u. Now suppose quantity demanded previously was 100 units and as a result of price increase, the quantity demanded fell to 80 units. What is the price elasticity? (use Mid Point method)

- (a) .777
- (b) 1.4
- (c) 1
- (d) .8

Use the following table to answers questions 27-28

Hour of labour	Total output	Marginal Product
0	0	0
1	300	300
2	-	240
3	720	-

27. What is the total output when 2 hours of labour are employed?
- (a) 160
 - (b) 200
 - (c) 360
 - (d) 540
28. What is the marginal product of the third hour of labour?
- (a) 120
 - (b) 160
 - (c) 200
 - 180
29. Which of the following statements if 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.
30. 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
31. Assume that when price is ` 40 quantity demanded is 9 units, and when price is ` 38, quantity demanded is 10 units. Based on this information, what is the marginal revenue resulting from an increase in output form 9 units to 10 units
- (a) ` 20
 - (b) ` 40
 - (c) ` 38

- (d) ₹ 1**
32. Suppose that an owner is earning total revenue of ₹ 1,00,000 and is increasing explicit cost of ₹ 60,000. If the owner could work for another company for ₹ 30,000 a year, we would conclude that:
- (a) The firm is earning economic profit of ₹ 10,000
 - (b) The firm is earning accounting profit of ₹ 40,000
 - (c) The firm is earning economic profit of ₹ 40,000
 - (d) Both (a) and (b)
33. A monopolist is able to maximize his profit when:
- (a) His output is maximum
 - (b) He charges a higher price
 - (c) His average cost is minimum
 - (d) His marginal cost is equal to marginal revenue
34. Law of diminishing marginal utility may not apply to:
- (a) Money
 - (b) Butter
 - (c) Pepsi, Coke etc.
 - (d) Ice cream
35. If the local-cream shop raises the price of a ice cream cup from ₹ 10 per cup to ₹ 15 per cup, and quantity demanded falls from 500 cups per day to 300 cups per day, the price elasticity of demand for ice-cream cup is: (use arc elasticity Method)
- (a) 1
 - (b) 2.5**
 - (c) 2
 - (d) 1.25**
36. Suppose the short run cost function can be written as $TC = 250 + 10Q$. Average Fixed cost equals:
- (a) $250/Q$**
 - (b) 250**
 - (c) 10
 - (d) $250/Q + 10$**
37. Gopal inherited 1 acre of land from his father in 1960. Today the value of that land is ₹ 90 lakh per acre. What is the opportunity cost of Gopal for keeping that land? His father paid ₹ 50,000 for this land.
- (a) Nothing, since the land was inherited
 - (b) ₹ 50,000 which his father paid
 - (c) ₹ 90 lakh, since the amount Gopal is getting now if he sells it
 - (d) Both (b) and (c)
38. Suraj is a high school senior thinking about becoming an economic research assistant, Shyam just graduated from college with an economic degree and is looking for a job as an economic research assistant. For whom is the college tuition an opportunity cost?

- (a) Suraj
 - (b) Shyam
 - (c) Both Suraj and Shyam
 - (d) Neither Suraj nor Shyam
39. Kinked demand curve in oligopoly market explains:
- (a) Price and output determination
 - (b) Existence of very few firms in the market
 - (c) Price rigidity
 - (d) Price leadership
40. Shares traded in the stock market depict characteristics close to_.
- (a) Perfect competition
 - (b) Oligopoly
 - (c) Monopolistic Competition
 - (d) Monopoly
41. Consider the following and decide which, if any, economy is without scarcity:
- (a) The pre-independence Indian economy, where most people were farmers.
 - (b) A mythical economy where everybody is a billionaire.
 - (c) Any economy where income is distributed equally among its people.
 - (d) None of the above.
42. When the price of a substitute of X commodity falls, the demand for X_____.
- (a) Rises
 - (b) Falls
 - (c) Remains unchanged
 - (d) Any of the above.
43. At the point of inflexion, the marginal product is
- (a) Increasing
 - (b) Decreasing
 - (c) Maximum
 - (d) Negative
44. Who expressed the view that fluctuations in investments are the prime cause of business cycles?
- (a) Hawtrey
 - (b) Pigou
 - (c) Schumpeter
 - (d) Keynes
45. When_____, we know that the firms must be producing at the minimum point of the average cost curve and so there will be productive efficiency

- (a) $AC = AR$
 (b) $MC = AC$
 (c) $MC = MR$
 (d) $AR = MR$
46. Suppose the demand for meals at a medium-priced restaurant is elastic. If the management of the restaurant is considering raising prices, it can expect a relatively:
- (a) Large fall in quantity demanded
 (b) large fall in demand
 (c) small fall in quantity demanded
 (d) small fall in demand
47. According to Schumpeter
- (a) Trade cycle is purely monetary phenomenon.
 (b) Trade cycles occur as a result of innovations which take place in system.
 (c) Trade cycles result due to faulty business decisions of USA.
 (d) None of the above.
48. When the perfectly competitive firm and industry are in long run equilibrium then:
- (a) $P = MR = SAC = LAC$
 (b) $D = MR = SMC = LMC$
 (c) $P = MR =$ Lowest point on the LAC curve
 (d) All of the above
49. Giffen goods are those goods
- (a) For which demand increases as price increases
 (b) That have a high income elasticity of demand
 (c) That are in short supply
 (d) None of these
50. In the long run any firm will eventually leave the industry if:
- (a) Price does not at least over average total cost.
 (b) Price does not equal marginal cost.
 (c) Economies of scale are being reaped.
 (d) Price is greater than long run average cost.
51. You are given the following data:

Table

Output	Total Costs
0	0
1	15
2	30

3	45
4	60
5	75

The above data is an example of:

- (a) Constant returns to scale.
- (b) Decreasing returns to scale
- (c) Increasing returns to scale
- (d) Globalization

The following Table provides cost and price information for a firm called Comfy Cushions (CC). The firm produces and sells cushions using a fixed amount of capital equipment but can change the level of inputs such a labour and materials. Read the Table and answer questions 52-58

Production (Q)	Price per unit (P)	Total Cost (TC)	Average Total Cost (ATC)	Margin al Cost (MC)	Total Reven ue (TR)	Margin al Reven ue (per unit) (MR)
0	250	500				
1	240	730				
2	230	870				
3	220	950				
4	210	1010				
5	200	1090				
6	190	1230				
7	180	1470				
8	170	1850				
9	160	2410				

52. What is the value of fixed cost incurred by CC?
- (a) ` 252
 - (b) ` 730**
 - (c) ` 500
 - (d) cannot be determined
53. What is the average total cost when 5 units are produced?
- (a) ` 218
 - (b) ` 1090**
 - (c) ` 730
 - (d) ` 210**
54. What is the marginal revenue (per unit) when production increase from 7 units to 8 units?
- (a) 160**

- (b) 140
(c) 120
(d) 100
55. What is the marginal cost when production increase from 3 to 4 units?
(a) 140
(b) 80
(c) 60
(d) 240
56. To maximize its profit or minimize its loss, what level of production should CC choose?
(a) 7 units
(b) 6 units
(c) 4 units
(d) 8 units
57. At the profit maximizing level, what price should be charged? (a) ` 190
(b) ` 200
(c) ` 210
(d) ` 220
58. Calculate CC's maximum profit or minimum loss.
(a) Loss of ` 100
(b) Loss of ` 60
(c) Profit of ` 90
(d) Loss of ` 90
59. A significant decline in general economic activity extending over a period of time is _
(a) Business cycle
(b) Contraction phase
(c) Recession
(d) Recovery
60. Economic recession shares all of these features except :
(a) Fall in the level of investment, employment
(b) Incomes of wage and interest earners gradually decline resulting in decreased demand for goods and services
(c) Investor confidence is adversely affected and new investments may not be forthcoming
(d) Increase in the price of inputs due to increase in demand for inputs.

Key

1	b	16	d	31	a	46	a
2	a	17	b	32	d	47	b
3	d	18	b	33	d	48	d
4	d	19	a	34	a	49	a
5	b	20	d	35	d	50	a
6	d	21	d	36	a	51	a
7	a	22	c	37	c	52	c
8	b	23	a	38	a	53	a
9	d	24	a	39	c	54	d
10	a	25	b	40	a	55	c
11	c	26	a	41	d	56	b
12	d	27	d	42	b	57	a
13	a	28	d	43	c	58	d
14	b	29	a	44	d	59	c
15	b	30	c	45	b	60	d

Series – 7 (BCK)

1. 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)
2. Business and technology are:
 - (a) Interrelated
 - (b) Interdependent
 - (c) Interrelated & Interdependent
 - (d) None of the above
3. Which pharmaceutical company has the slogan 'caring for life'?
 - (a) Dr. Reddy's
 - (b) Lupin Ltd.
 - (c) Cipla Ltd.
 - (d) Sun Pharmaceutical Industries Ltd.
4. Public policies are of three types:
 - (a) Restrictive, Regulatory, Participative
 - (b) Restrictive, Regulatory, Facilitating
 - (c) Voluntarily, Participative, Facilitating
 - (d) Regulatory, Voluntarily, Continuous
5. How many members of SEBI should be from RBI?
 - (a) 4
 - (b) 3
 - (c) 1
 - (d) 2
6. A portion of the after-tax profits paid out to the owners of a business as a return on their investment is:
 - (a) Dividend
 - (b) Expense
 - (c) Expenditure
7. Deferred income Which of the following statements does not comprise business activity?
 - (a) Sale of old furniture by a household for a profit
 - (b) A carpenter made furniture for his domestic use
 - (c) Steel furniture industry
 - (d) Domestic appliances industry

8. Which of the following is not a part of the economic environment?
- (a) Market and trade cycles
 - (b) Consumer buying patterns
 - (c) Strength of consumer spending
 - (d) Interest and exchange rates
9. State Bank of India was formerly known as:
- (a) Bank of Madras
 - (b) Bank of Calcutta
 - (c) Imperial Bank
 - (d) Indian Bank
10. OCBs mean
- (a) Overseas Corporate Bodies
 - (b) Ordnance Commission Bilateral secretariat
 - (c) Oversees Civic Boards
 - (d) Oversees Commercial Bilateral Treaties
11. What is the constitution of Competition Commission of India?
- (a) A chairperson and 6 members appointed by the Central Government
 - (b) A chairperson and 5 members appointed by the Central Government
 - (c) A chairperson and 5 members appointed by the RBI
 - (d) A chairperson and 6 members appointed by the RBI
12. What is meant by B2B?
- (a) Buying behaviour that concerns the process that buyers go through when deciding whether or not to purchase goods or services.
 - (b) A company's business model is management's storyline for how the strategy will be a money maker.
 - (c) Marketing activity directed from one business to another.
 - (d) None of the above
13. 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
14. 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
15. Who founded Wipro Limited?

- (a) Azim Premji
 - (b) Mohamed Premji
 - (c) Ratan Tata
 - (d) Narayan Murthy
16. Reforms in Dowry Act and Divorce Act are the examples of:
- (a) Economic Reforms
 - (b) Cultural Reforms
 - (c) Commercial Reforms
 - (d) Socio-cultural Reforms
17. Since when has IFCI been converted into a private limited company?
- (a) 1991
 - (b) 1992**
 - (c) 1993**
 - (d) 1994**
18. 'Personal selling' is done through:
- (a) Written communication
 - (b) Oral communication
 - (c) TV and media
 - (d) Sign language
19. A partnership may not be formed to carry on:
- (a) Any trade
 - (b) Occupation
 - (c) Profession
 - (d) Social enterprise
20. Relationship between organisation and environment can be described through:
- (a) Exchange of information
Exchange of resources
 - (b) Exchange of influence and power
 - (c) All of the above
21. American Express was ranked the 17th most admired company by Fortune in which year?
- (a) 2014
 - (b) 2015**
 - (c) 2016**
 - (d) 2017**
22. The form of privatization, where government keeps hold of responsibility and private enterprise handles the management of it fully or partly is known as:
- (a) Disinvestment

- (b) Deregulation
 - (c) Delegation
 - (d) Decentralization
23. Where is the head office of NABARD?
- (a) Mumbai
 - (b) Delhi
 - (c) Gurugram
 - (d) Benlgaluru
24. What is a bull market?
- (a) A market in which the stock prices are increasing consistently.
 - (b) A market in which the stock prices are decreasing consistently.
 - (c) A market in which the stock prices are stable over a long time.
 - (d) None of the above
25. The maximum number of members of a private company is limited to
- (a) 50
 - (b) 20
 - (c) 100**
 - (d) 200**
26. The performance of business in the private sector is measured by:
- (a) Profitability
 - (b) Customer Satisfaction
 - (c) No of employees
 - (d) The salary of Managing Director
27. Who was the founder of Walmart?
- (a) Sam Walton
 - (b) Bret Biggs
 - (c) Greg Penner
 - (d) Luca Maestri
28. FIPB stands for:
- (a) Foreign Institutional Promotion Board
 - (b) Foreign Institutional Preparatory Board
 - (c) Foreign Investment Priority Board
 - (d) Foreign Investment Promotion Board
29. Which one of the following is an Indian Regulatory Body that facilitates business organizations?
- (a) EXIM Bank
 - (b) NABARD
 - (c) IRDA
 - (d) IFCI

30. _____ is the measure of return on investments in terms of percentage
- (a) Yield
 - (b) Index
 - (c) Equity
 - (d) Bonus
31. A HUF cannot comprise members of a:
- (a) Hindu & Sikh family
 - (b) Parsi family
 - (c) Buddhist family
 - (d) Muslim family
32. The term PESTLE analysis is used to describe a framework for analyzing:
- (a) Macro Environment
 - (b) Micro Environment
 - (c) Both Macro and Micro Environment
 - (d) None of above
33. Indane LPG is the product of which corporation in India?
- (a) IOCL
 - (b) NTPC
 - (c) ONGC
 - (d) PGCIL
34. Simplification of trade restrictions related to import is an example of:
- (a) Globalization
 - (b) Privatization
 - (c) Disinvestment
 - (d) Aggregation
35. The RBI has been vested with extensive power to control and supervise commercial banking system under the-
- (a) Reserve Bank of India Act, 1934
 - (b) The Banking Regulation Act, 1949
 - (c) Both (a) and (b)
 - (d) The Companies Act, 2013
36. _____ 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
37. All are elements of macro environment except:
- (a) Society

- (b) Government
 - (c) Competitors
 - (d) Technology
38. Where are the headquarters of L&T?
- (a) Bengaluru
 - (b) Delhi
 - (c) Mumbai
 - (d) Chennai
39. Hyundai India Limited came to India through the FDI route. It followed the path of:
- (a) Divestment in Public Sector Unit
 - (b) Joint Venture
 - (c) By creating a 100% Indian subsidiary
 - (d) Replacement of a government sector business
40. is a technology where the banking organizations resort to the use of electronics, computers and other networks to execute transactions and transfer funds.
- (a) E-cash
 - (b) Digi-cash
 - (c) Hedge
 - (d) Cap

Key

1	2	3	4	5	6	7	8	9	10
(c)	(c)	(c)	(b)	(c)	(a)	(b)	(b)	(c)	(a)
11	12	13	14	15	16	17	18	19	20
(a)	(c)	(d)	(b)	(b)	(d)	(c)	(b)	(d)	(d)
21	22	23	24	25	26	27	28	29	30
(d)	(c)	(a)	(a)	(d)	(b)	(a)	(d)	(c)	(a)
31	32	33	34	35	36	37	38	39	40
(d)	(a)	(a)	(a)	(c)	(c)	(c)	(c)	(c)	(a)