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CHANAUS 3.0



Business Economics

Lecture 01

By-LOVE KAUSHIK SIR



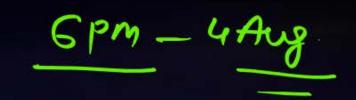
आर-पार के MCQ's



- 1 Nature and Scope of Business Economics ©
- 2 Business Cycles 5
- 3 Indian Economy 10





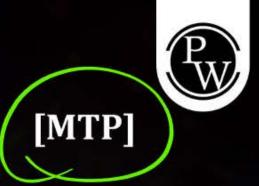




Chapter - 1

NATURE AND SCOPE OF BUSINESS ECONOMICS

#Q. Scarcity of resources exist at:



- A Micro level
- B Macro level
- Micro as well as Macro
- D None of these



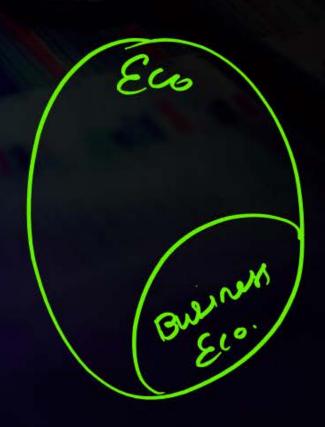
#Q. An economy exists on which of the following two facts?

- A Human wants are limited and the resources are unlimited
- B Human wants are limited and the resources are scarce
- Human wants as well as resources are unlimited
- Human wants are unlimited but the resources are relatively scarce



#Q. Which of the following is not correct about business economics with reference to economics? [May 2025]

- Business economics helps in proper decision making in a particular business entity
- Business economics has a narrow scope in comparison to economics
- Economics is an applied branch of business economics
- Business economics includes the analysis of micro level issues like demand, supply etc.





#Q. Command Economy is another name for:

- A Capitalist Economy
- B Socialist Economy
- C Mixed Economy
- D Macro Economy

[May 2025]



#Q. Which of the following is not a merit of Capitalist Economy? [May 2025]

- A Faster economic growth
- Collective ownership Socialistic (B)
- C High degree of operative efficiency
- Incentives for innovation and technological progress



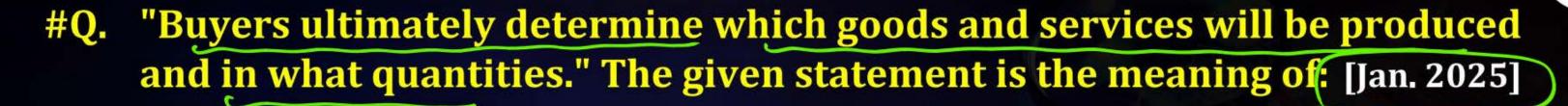
#Q. The microeconomic theory mainly does not deal with which of the following issues: [May 2025]

- A Stage of business cycles (A)
- B Demand analysis and forecasting
- C Production and Cost Analysis
- Inventory management



#Q. Which of the following does not describe the nature of business [Jan. 2025]

- A It is normative in nature
- It is abstract and purely theoretical B
- C It is an art
- It incorporates elements of Macro Analysis



Supremaci

- A Planned economy
- B Consumer Sovereignty B
- C Freedom of economic choice
- Preedom of enterprise



#Q. Which of the following is not one of the four basic economic problems of an economy? [Jan. 2025]

- A What to produce?
- B Where to produce? B
- For whom to produce?
- What provisions are to be made for economic growth?



#Q. Finance minister was discussing, balance of trade and balance of payments.

This area comes under:

[Jan. 2025]

- A Micro Economics
- B Macro Economics B
- C Capitalist Economy
- D Mixed Economy



#Q. Which of the following is an example of normative statement? [Jan. 2025]

- The demand for a good will increase if its price decreases
- The government should increase taxes on liquor to reduce its consumption. (3)
- A decrease in interest rates will lead to an increase in investment
- An increase in government spending will reduce the unemployment rate



#Q. Who defined Business economics in terms of the use of economic analysis in the formulation of business policies? [MTP]

- A Adam Smith
- **B** Robbins
- G Joel Dean CI
- Alfred Marshall



#Q. The book named "An Inquiry into the Nature and Causes of the Wealth of Nations" was published in:

[MTP]

- A 1885
- B 1776 JB
- **C** 1845
- D 1775



#Q. The Characteristics of Socialist Economy are:

- A Collective Ownership
- B Economic Planning
- C Absence of Consumer Choice
- All the above



#Q. Positive economics means:

- A Does not depend on market interactions
- B Only looks art the best parts of the economy
- Examines how the economy works (as opposed to how it should work)
- Is very subjective



#Q. Central Problems of an Economy:

- A What to Produce
- B How to Produce
- C For Whom to Produce
- All the above



#Q. Problem of choice is the basis of:

- A Economic Problem
- (A)

Scareit

- B Soc Problem
- C Political Problem
- None of these



#Q. ______is concerned with welfare proposition.

[MTP]

A Normative Economics



- B Positive Economics
- Both (A) and (B)
- None of these



#Q. Administered prices refer to:

[ICAI Module]

- A Prices determined by forces of demand and supply
- B Prices determined by sellers in the market
- Prices determined by an external authority which is usually the government,
- None of above



[ICAI Module]

#Q. Scarcity definition of Economics is given by-

- Alfred Marshall welfore markind
- B Samuelson growth
- Robinson ____ Scarcity [C]
- Adam Smith wealth of Nations





#Q. Unlimited ends and limited means together present the problem of [ICAI Module]

Resources

- A Scarcity of resources
- B Choice B
- Distribution
- None of the above



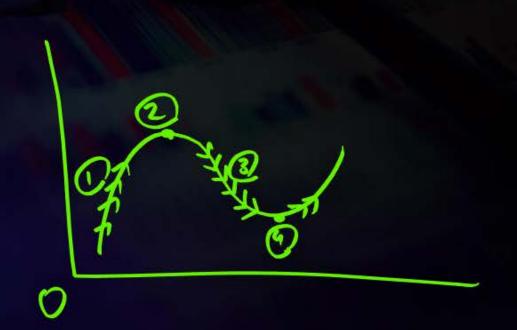
Chapter - 5 BUSINESS CYCLES



#Q. Which of the following is not a characteristics of business cycle?

[Jan. 2025]

- A They occur periodically
- B They are recurrent
- They occur at regular intervals



They have distinct phases of expansion peak, contraction and trough



#Q. When entrepreneurs are pessimistic about <u>future market</u>conditions:
[Jan. 2025]

- A It does not impact the economy
- B Expansionary phase may begin
- Economy faces contraction in economic activities
- Investments tend to increase



#Q. Which of the following is not an internal cause of business cycles?

[Jan. 2025]

- A Fluctuations in effective demand
- B Fluctuation in investment
- C Variations in government spending
- Technology shock



#Q. Changes in stock price, new orders for capital and consumer goods are examples of:

[Jan. 2025]

- A Leading indicators 4
- B Lagging indicators
- C Coincident indicators
- Non-economic indicators



#Q. Variables that change after the real output changes are called: [Jan. 2025]

- A Leading indicators
- B Lagging indicators B
- Coincident indicators
- Non-economic indicators



the upswing phase of business cycle, the involuntary During #Q. unemployment is [May 2025]

Structural & unemployment

1 frictional

- Highest
 - Almost Zero
- Lowest
- D Not affected



#Q. The level of <u>national income and expenditure declines rapidly during</u>
which <u>phase of the business cycle?</u>
[May 2025]



- **B** Downswing
- Recovery
- Trough and Depression





#Q. In all kinds of businesses, the different phases of business cycle generally occurs as: [May 2025]

- A Having perfectly timed cycles
- B No fixed time cycles but are regular, (B)
- Boom have longer period than Depression
- Depression have longer period than Boom

QUESTION



#Q. Which of the following statement is correct for a business cycle?

[June 2022]

Normal

- A Typical feature of depression is the rise in the interest rate
- B A typical feature of depression is the constant interest rate
- Recession is the severe form of depression
- Depression is the severe form of recession

Downswing
Recursion
12 month

QUESTION

Phase



#Q. Actual demand stagnates in which of the following stage of a business [June 2021]



B Peak (B)

Contraction

• Recovery







- #Q. There is a war going between Country A and Country B for last two years. Now in the current year both countries have signed a peace agreement and war has come to an end. Now both countries have started to rebuild the losses caused due to war out of their own funds. Which type of cause of change in business cycle is this for Country A?

 [May 2025]
- A Internal Cause
- B External Cause war & Post war & Post war & Reconsultantion B
- Both Internal and External Cause
- This is not a cause of change in business cycle



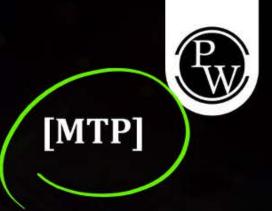
#Q. An indicator which gives information about the rate of change of the expansion or contraction of an economy is called ______. [May 2025]

Current

- A Leading Indicator Letture
- B Lagging Indicator ___ Past
- Both Leading and Lagging Indicator
- Co-incident Indicator







- A Schumpeter (A)
- B Nicholas Kaldor Cobweb Theory
- Keynes AD
- D None of these



#Q. Which is not the External Causes of Business Cycle:

- A Technology Shock
- B Population Growth
- C Money Supply C
- D Technology Shock



#Q. During an expansion phase of the business cycle, which of the following is likely to occur? [MTP]

- A Decrease in consumer spending X
- B Increase in business bankruptcies 🗶
- Increase in job opportunities, D1, output 1, crefit failibles [C]
- Decrease in government spending



#Q. Which of the following phases of the business cycle is characterized by increasing economic activity, rising employment, and growing consumer spending?

[MTP]

- A Expansion A
- B Recession
- C Trough
- D Recovery



[MTP]

#Q. Post war reconstruction:

- will push the economy to slow down because of excess external debts
- will cause pickup in economic activities as the reconstruction pushes up effective demand & in turn employment and income (B)
- can cause boom or recession depending upon the policies for reconstruction adopted by govt.
- None of these



#Q. Economists use changes in a variety of activities to measure the business cycle and to predict where the economy is headed towards which are called ______. [ICAI Module]

- A Signals
- B Indicators (B)
- Barometer
- D Clues



#Q. If the growth rate of population is higher than the rate of economic growth, there will be ______ in the economy. [ICAI Module]

- A more savings
- B no effect on savings
- c lesser savings
- none of these





#Q. The cobweb theory was propounded by_____

[ICAI Module]

- A Hawtrey
- B Adam Smith
- C J M Keynes
- Nicholas Kaldor DI



Chapter - 10

INDIAN ECONOMY



#Q. _____

facilitates and improves access to Indian Government data.

[Jan. 2025]

- A E-Amrit
- B E-NAM
- C (NDAP)
- **D** MIDH



#Q. Which scheme is aimed at promoting manufacture of electric and hybrid vehicle technology and ensure sustainable growth for the same?

[Jan. 2025]

- A FAME India (A)
- B E-Amrit Information
- C FIPB
- D PDMC





#Q. Which Act was initially aimed for regulation of large firms which had relatively large market power? [Jan. 2025]

- A RBI Act
- B FEMA
- C RERA
- MRTP Act, 1969, D



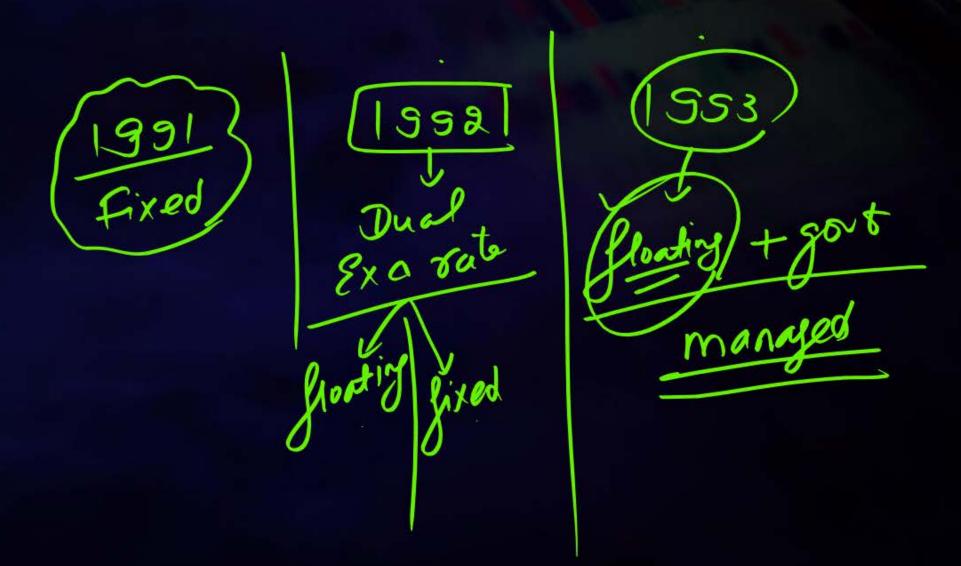
#Q. From which year onwards, India followed the managed floating exchange rate system?[Jan. 2025]

A 1990

B 1991

c 1995

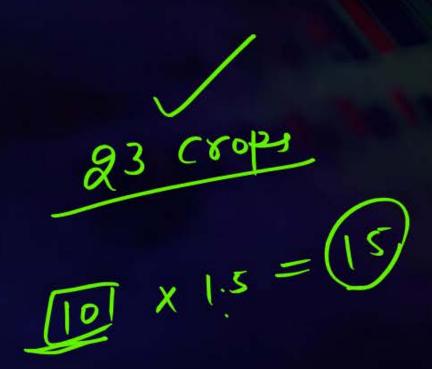
D 1993,





#Q. Minimum Support Price (MSP) is fixed by the Government of India at _____ of the cost of production. [Jan. 2025]

- A Two and a half times
- B Half
- One and a half time C
- **D** Twice





- **#Q.** Which policy was adopted to ensure world class industrial infrastructure which would attract cutting edge technology and boost FDI and local investment in the textile sector?

 [Jan. 2025]
- A PM-MITRA
- B PM Gati Shakti National Master Plan
- C National Logistic Policy
- Production Linked Incentive (PLI) Scheme



#Q. During the British period modern industrial sector saw lopsided growth with the dominance of ______ industries.[Jan. 2025]

- A Wool and cotton
- B Nylon and silk
- Cotton and Jute
- D Silk and Cotton



#Q. Statutory recognition was granted to _______ to facilitate mobilization of adequate resources and their efficient allocation in the capital markets.

[Jan. 2025]

- A RBI
- B BSE
- C SEBI_ C [12/4/1588]
- D NSE



#Q. In which of the following sector FDI is not permissible?

[Jan. 2025]

- A Telecom
- B Aviation
- C Atomic energy. C
- Defence



Production of milk is included in which sector?

[Jan. 2025]

- Tertiary sector -
- B Service sector
- Agri. and allied activities Primary sector, Natural

D Secondary sector



- **#Q.** Which of the following are fiscal reforms?
 - (i) Ensuring better tax compliance
 - (ii) Reinvestment of funds in more profitable options *
 - (iii) Encouraging private sector participation
 - (iv) Thrust on curbing government expenditure

decrease

[May 2025]

- A Only (i) and (iii)
- **B** Only (i) (ii) (iii)
- Only (i) (iii) (iv)
- D Only (i) (ii) (iv)



- **#Q. Which of the following best describes the pre-British Indian economy?** [May 2025]
- A Dependent on imports for goods
- Self-sufficient villages and cities which were centers of commerce B
- Focus on industrial production
- Dominated by foreign trade



#Q. The trade policy reforms include______.

[May 2025]

- A Inclusion of licensing restrictions for imports
- Removal of licensing procedure for imports B
- C Complication of tariffs
- Inclusion of quantitative restrictions on imports and exports



#Q. Which initiative by NITI Aayog aims to promote electric vehicles?

[May 2025]

- A E-Amrit -> Detail
- B Shoonya Campaign B
- C Methanol Economy Program
- D India Policy Insights (IPI)



#Q. What percentage of India's population depends on agriculture for livelihood as per latest estimates?[May 2025]

- A 18%
- **B** 25%
- C 47% CI
- **D** 60%



#Q. Which government scheme focuses on providing financial support to farmers suffering crop loss or damage?[May 2025]

- A PM KISAN
- Pradhan Mantri Fasal Bima Yojana (PMFBY) B
- C Soil Health Card Scheme
- D Paramparagat Krishi Vikas Yojana (PKVY)



#Q. Which regime replaced the Foreign Investment Promotion Board[May 2025]

- A SEBI
- B FIF Portal B
- C NITI Aayog
- D DPIIT



#Q. What was India's rank in 2022 as per Global Innovation Index? [May 2025]

- A 81st
- B 40th (B)
- **c** 63rd
- D 25th



#Q. Which policy replaced the Merchandise Exports from India Scheme (MEIS) in 2021? [May 2025]

- A NDAP
- B GST
- C PLI Scheme
- P RODTEP D



#Q. The early liberalization and reforms started in India in ______.

[May 2025]

- A 1980s (A)
- B 1970s
- **c** 1960s
- D 1990s



Homework



many-more Mcar

QUESTION



#Q. Business Economics is:

- A Abstract and applies the tools of Microeconomics
- B Involves practical application of economic theory in business decision making
- C Incorporates tools from multiple disciplines
- (B) And (C) above

QUESTION



#Q. Which out of these are the feature of capitalism?

- (i) Profit motive
- (ii) Human welfare
- (iii) Work through price mechanism
- (i) and (ii)
- B (ii) and (iii)
- (i) and (iii)
- All of these

[CA CPT Nov. 2018]



#Q. Laissez-Faire economy is also known as:

[Jan. 2021]

- A Capitalist economy
- **B** Socialist economy
- C Mixed economy
- Communist economy

QUESTION



#Q. Which one of the following is not an example of capitalist economy?

- A Japan
- **B** Mexico
- **C** Germany
- **D** Cuba



#Q. Consumer sovereignty is found in which economy?

[Nov. 2019]

- A Capitalist Economy
- **B** Socialist Economy
- C Mixed Economy
- Communist Economy



#Q. Capitalist economy solve their economic problems through which of the following? [June 2023]

- A Central Planning Authority
- B Price mechanism
- C Administered Prices
- Voting done by Customers



#Q. 'The Communist Manifesto' published in 1848 by Karl Marx and Federic Engles propounded the concept of ______. [Dec. 2023]

- A Capitalist economy
- B Socialist economy
- C Laissez-faire economy
- Free market economy



#Q. Larger production of ______ goods would lead to higher production in future.

- A Consumer goods
- B Capital goods
- C Agricultural goods
- Public goods



#Q. Business Economic is pragmatic in approach because of the following cause?[June 2022]

- A Based on assumptions
- B Tackles practical problems
- C Considers profit only
- Considers internal Value



#Q. Shyam: This year due to heavy rainfall my option crop was damaged Krishna: Climates affects crop yields. Some years are bad, other are good

Hari: Don't worry - Price increase will compensate for the fall in quantity supplied.

Radhe: The Government ought to guarantee that our income will not fall. In this conversation, the normative statement is made by:

[CA CPT May 2019]











#Q. Business Economics is also known as:

[CA CPT Nov. 2018]

- **Applied Economics**
- B Managerial Economics
- Micro Economics
- D All of the above



#Q. XYZ is an Advertisement Agency. Its future projects are closely related to the rate of economic growth. Then XYZ business referred to as [Dec. 2023]

- A Durable business
- B Non-Durable business
- Cyclical business
- Non-Cyclical business



#Q. The term business cycle refers to:

[Jan 2021]

- 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
- Increasing unemployment rate and diminishing rate of savings



#Q. The rhythmic fluctuations in aggregate economic activity that an economy experiences over a period of time are called:

- (A) Inflation
- **B** Unemployment
- © Business cycles
- Growth rate



#Q. The economy-wide fluctuations in production, trade and general economic activity is referred as:

- A Trade Cycles
- **B** Economic cycles
- C Boom-bust Cycles
- All of the above



#Q. Greatest depression suffered by economy in which year?

[CA CPT May 2018]

- **A** 1924
- **B** 1930
- **C** 2008
- **D** 2009



#Q. According to ______ trade cycle is a purely monetary phenomenon. [Dec. 2021]

- A Schumpeter
- B Nicholas Kaldor
- **C** Keynes
- Hawtrey



#Q. Which of the following is not correct about the business cycles? [June 2022]

- A Business cycles have distinct phase of expansion, peak, contraction & trough
- B Business cycles generally originate in capitalist economies
- Business cycles are contagious and are internal in character
- All sectors of the economy are adversely affected in equal proportion



#Q. Which one of the following is not for expansion phase of business cycle? [Dec. 2023]

- A Involuntary unemployment is almost zero
- B Price and costs also tend to rise faster
- C Increase in capital and consumer expenditure
- Supply exceeds demand



#Q. Expansion phase of business cycle depicts characteristics except[June 2022]

- A Consumer spending on goods and services tend to rise
- **B** Business confidence tends to rise
- C Interest rates and profits tend to rise
- Unemployment tends to rise



#Q. Production of new and better goods and services using new technology:[Dec. 2023]

- A Troughs in business cycle
- **B** Loss of employment
- Expansion of employment
- Reduced need of investment



#Q. A typical feature of depression is ______ in the interest rate.

[June 2022]

- A Rise
- **B** Constant
- C Fall
- Infinity



#Q. Increase in national output and other economic variables is a characteristic of _____ in Business Cycles. [June 2023]

- A Trough
- **B** Depression
- **C** Contraction
- Expansion



#Q. Excess capacity in capital industries is the characteristics of which of the following stage? [Nov. 2019, June 2024]

- A Trough
- **B** Recovery
- C Depression
- **D** Peak



#Q. From the following variable that change after real output changes are [June 2023]

- A Coincide indicator
- B Coincide economy indicator
- C Lagging indicator
- Concurrent indicator



#Q. Which of the following is not an example of lagging indicator?

[June 2023]

- A Consumer price index
- B Labour cost price per unit
- C Commercial lending
- Personal income



#Q. Coincident indicators are also called as:

[June 2023]

- A Lagging indicator
- **B** Leading indicator
- Concurrent indicators
- **D** None



#Q. Which of the following is an external cause of business cycle?

[Dec. 2023]

- A Fluctuations of effective demand
- **B** Macroeconomic Policy
- Changes in government Spending
- Technological shocks



#Q. Find the correct option

(1) Hawtrey (a) Innovation

(2) Pigou (b) Money supply

(3) Schumpter (c) Psychological factors

(4) Keynes (d) Effective aggregate demand

[June 2024]

(A) a, b, c, d

B b, c, a, d

c a, b, d, c

D b, a, d, c



#Q.

facilitates and improves access to Indian Government data.

- A E-Amrit
- B E-NAM
- C NDAP
- **D** MIDH

Key Initiatives

| LIFE | Aims to replace the 'use-and-dispose' economy |
|---------------------------------|---|
| NDAP | Improves access to Indian government data |
| Shoonya | Promotes electric vehicles |
| E-Amrit | One-stop platform for information |
| IPI | Provides insights to shape India's policies |
| Methanol Economy | Reduces oil imports and emissions and convert waste into methanol |
| Transforming Gold Market | Stimulates growth and exports |



#Q. Which scheme is aimed at promoting manufacture of electric and hybrid vehicle technology and to ensure sustainable growth for the same?

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- C RERA
- MRTP Act, 1969



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#Q. During the British period modern industrial sector saw lopsided growth with the dominance of ______ industries.

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- B Nylon and silk
- Cotton and jute
- Silk and cotton



#Q. From which year onwards, India followed the managed floating exchange rate system?

- A 1990
- **B** 1991
- **C** 1995
- D 1993



#Q. Minimum Support Price (MSP) is fixed by the Government of India at of the cost of production.

- A Two and a half times
- **B** Half
- One and a half time
- **D** Twice



#Q. Between the first and the 17th Century AD, India was prosperous and self-radiant and is believed to have controlled ______ of the world's wealth

- A One Tenth
- **B** One Third
- C One Fourth
- Between one third and one fourth



#Q. In 1954, India signed a long-term agreement with the US for food aid. What was the name of this agreement?

- A PL-480
- **B** PL-440
- C PL-420
- PL-400



#Q. To develop the mechanism to formulate credible plans at village level and aggregate these progressively at higher level of government is an objective of _______ [June 2024]

- A Ministry of rural development
- B NITI Aayog
- Commission of policy and planning
- Planning Commission



#Q. APEDA – full form

[June 2024]

- A Agricultural product export development agency
- B Agricultural produce economic development association
- C Animal product export development authority
- Agricultural and processed food export development authority



#Q. Merchandise Exports from India Scheme was replaced by ______.

- Remission of Duties and taxes on Export Products (RODTEP) in 2021
- B National Logistics Policy (NLP) in 2020
- Remission of Duties and taxes on Export Products (RODTEP) in 2019
- None of the above



#Q. Which of the following Sector contributes maximum to Indias Gross value added? [June 2024]

- A Primary sector
- **B** Secondary sector
- C Tertiary sector
- All of the above



#Q. The government nationalized 14 banks in _____ and then followed it up with nationalizing another 6 in _____.

- A 1967, 1977
- B 1969, 1980
- **C** 1980, 1969
- None of the above



#Q. At the end of the 19th century, the Indian jute mill industry was the _____ in the world in terms of the amount of raw jute consumed in production.

- A Largest
- B Second Largest
- C Negligible
- **D** Lowest

Stagnated Nature of Industrialization: During the Colonial Era

| Aspect | Details |
|-----------------------------------|---|
| Cotton Mills (1930s) | 5 th globally (9 million spindles) |
| Jute Mills | Largest in raw jute consumption |
| Iron Industry (1930) | 8 th in world output |
| Industrial Ranking (1930) | 12 th in manufactured products value |
| Producer Goods Industries | Limited expansion due to British Policies |
| Manufacturing Sector Share (1946) | 7% Net Domestic Product |



#Q. Heavy industries such as the iron industry were established as early as 1814 by British capital. India's iron industry was ranked ______ in the world in terms of output in 1930.

A First

B Fifth

C Seventh

D Eighth

Stagnated Nature of Industrialization: During the Colonial Era

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| Producer Goods Industries | Limited expansion due to British Policies |
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#Q. Just before the Great Depression, India was ranked as the ______largest industrialized country measured by the value of manufactured products

A 10th

B 11th

C 12th

D 13th

Stagnated Nature of Industrialization: During the Colonial Era

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|-----------------------------------|---|
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#Q. The 'Hindu growth rate' is a term used to refer to ______

- The high rate of growth achieved after the new economic policy of 1991
- The low rate of economic growth of India from the 1950's to the 1980's, which averaged around 3.5 per cent per year
- The low growth of the economy during British period marked by an average 3.5 percent
- The growth rate of the country because India is referred to as 'Hindustan'



#Q. The Government of India has allowed 100% FDI in marketing of food products and in food product E-commerce under the _______ route.

[June 2024]

- A Automatic
- **B** Green channel route
- C Priority route
- Trade route







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