

BUSINESS ECONOMICS AND BCK **(DECEMBER 2020 EXAM PAPER)**

1. When the price of petrol decreases, people reduce the consumption of diesel, then the goods are
 - a) Mixed
 - b) Complementary
 - c) Superior
 - d) Substitutes
2. When price of apple is Rs. 120 per kg. Ram buys one kg of apples at that price. Now if other things remain the same but the price of apples falls to Rs. 90 per kg. Now Ram buys 2kg of apples. It is called as
 - a) Contraction of demand
 - b) Expansion of demand
 - c) Market demand
 - d) Demand schedule
3. To know the base price and quantity, which method of elasticity is used?
 - a) Arc elasticity
 - b) Cross elasticity
 - c) Point elasticity
 - d) Zero elasticity
4. The price elasticity of demand for X is 1 and the original quantity demand of X is 90 units. If the price of X decreases from Rs. 300 to Rs. 180 per unit, calculate the new quantity demand of
 - a) 126 units
 - b) 36 units
 - c) 144 units
 - d) 120 units
5. If quantity supply changes substantially in response to small changes in price of the good then it is
 - a) Relatively greater elastic supply
 - b) Relatively less elastic supply
 - c) Unitary elastic
 - d) Perfect elastic
6. If Indifference curve is L shaped, means two goods will be
 - a) Perfect Complementary Goods
 - b) Perfect Substitute goods
 - c) Perfect inferior goods
 - d) Perfect superior goods
7. Let assume that in OY-axis we have good A and on OX-axis good B. If the price of good B increases by Rs. 1 but the price of good A remains constant and income also remains unchanged, the budget line will shift
 - a) Right on OY axis
 - b) Right on OX axis
 - c) Left on OY axis
 - d) Left on OX axis

8. Purushotham wanted to buy laptop by paying Rs. 60000 but the actual price is Rs. 55000, then consumer surplus is
 - a) 60,000
 - b) 55,000
 - c) 5,000
 - d) 6,500
9. The concept of "innovative entrepreneurship" was given by
 - a) Marshall
 - b) Schumpeter
 - c) J K Mehta
 - d) Adam smith
10. Which activity is the base of all production activities
 - a) Production
 - b) Exchange
 - c) Investment
 - d) Consumption
11. When output increases more than the increase in input, it occurs due to
 - a) External and internal diseconomies
 - b) External and internal economies
 - c) External diseconomies and internal economies
 - d) External economies and internal diseconomies
12. A functional relationship between inputs and output is called _____
 - a) cost function
 - b) revenue function
 - c) consumption function
 - d) production function
13. Among the following statements which is incorrect in relation to isoquants
 - a) Isoquants are negatively sloped
 - b) Isoquants are concave to origin
 - c) Isoquants are not intersecting
 - d) Isoquants are convex to origin
14. External economies can be achieved through
 - a) Technological external economies
 - b) External assistance
 - c) Development of unskilled labour
 - d) Superior managerial efficiency
15. Marginal product will be _____ at the point of inflexion is
 - a) Maximum
 - b) Minimum
 - c) Negative
 - d) Zero

16. Use the table and answer for the following questions

Output	0	1	2	3	4	5	6
Total Cost (Rs.)	100	180	250	310	360	420	490

The average fixed cost of 4 units of output is

- a) 80
 - b) 90
 - c) 25
 - d) 350
17. The average variable cost of 5 units of output
- a) 84
 - b) 64
 - c) 420
 - d) 104
18. The marginal cost of 5th unit of output is
- a) 60
 - b) 70
 - c) 540
 - d) 90
19. The total cost is Rs. 4200 and fixed cost is Rs. 1200 then find the variable cost
- a) 5,450
 - b) 1,200
 - c) 4,200
 - d) 3,000
20. If a seller obtains Rs. 6,000 after selling 50 units and Rs. 6,204 after selling 53 units, then marginal revenue will be
- a) Rs. 204
 - b) 68
 - c) 120
 - d) 118
21. On the basis of nature of transaction, a market may be classified into
- a) Regulated and unregulated market
 - b) Wholesale and retail market
 - c) Cash and forward rate
 - d) National and international market
22. When a firm produces 7 units of production and the TR is Rs. 42 after raising the production to 8 units TR reached Rs. 46. marginal revenue will be
- a) Rs. 6
 - b) Rs. 4
 - c) Rs. 5
 - d) Rs. 8
23. A market where goods are exchanged for money payable either immediately or within short span of time
- a) Forwarded market
 - b) Regulated market
 - c) Spot market
 - d) Wholesale market

24. ABC Ltd realizes total revenue of Rs. 6,000 by the sale of 120 units and Rs. 6050 by the sale of 121 units
 What is the average revenue when ABC Ltd sells 121 units
 a) 6,000
 b) 6,050
 c) 50
 d) 100
25. When ABC Ltd sells 130 units then total revenue will be
 a) 18,550
 b) 12,050
 c) 6,000
 d) 6,500
26. Answer the following questions
- | | | | | | | | |
|---------------|-----|-----|-----|-----|-----|-----|-----|
| Units | 0 | 1 | 2 | 3 | 4 | 5 | 6 |
| Total Revenue | 100 | 180 | 250 | 310 | 360 | 400 | 430 |
- Find the marginal revenue at 5th unit is
 a) 60
 b) 55
 c) 45
 d) 40
27. Kinked demand hypothesis is designed to explain the _____ under oligopolistic market
 a) Collusion between firms
 b) price and output determination
 c) rigidity of price
 d) price leadership
28. _____ is the best example of oligopoly
 a) SAARC
 b) WTO
 c) GATT
 d) OPEC
29. Aluminum industry is the example of which type of oligopoly
 a) open oligopoly
 b) full oligopoly
 c) pure oligopoly
 d) syndicated oligopoly
30. In which market prices are determined by the market forces of demand and supply?
 a) Pure Competition
 b) Perfect Competition
 c) Monopolistic Competition
 d) Oligopoly
31. Railways charges comparatively cheaper fares from senior citizens. This is an example of
 a) Price discrimination
 b) Market analysis
 c) Profit discrimination
 d) Demand forecasting

32. Smart phones market is an example of
- Monopoly
 - Monopolistic competition
 - Oligopoly
 - Perfect competition
33. Collusion is impossible if an industry has
- Large number of firms
 - Only few number of firms
 - Only two firms
 - Limited number of firms
34. When the industry is dominated by one large firm it is called
- Patial oligopoly
 - Full oligopoly
 - Organised oligopoly
 - Closed oligopoly
35. Choose the incorrect statement regarding the barometric price leadership
- Live and let live philosophy is followed
 - Old and experienced firm acts as a leader
 - Price decided by assessing market conditions
 - Price decided by leader is generally accepted by the rest of all
36. "Competition among few" is described in
- Monopoly
 - Oligopoly
 - Duopoly
 - Monopsony
37. Which of the following phase occurs after threat and before peak?
- Expansion
 - Depression
 - Boom
 - Recession
38. Which indicators coincide or occur simultaneously with the business cycle movements?
- Lagging
 - Leading
 - Concurrent
 - Legal
39. What is the most visible sign of recession in an economy
- Fall in the level of employment
 - Rise in the inventory cost
 - Fall in price level
 - Weakening stock market
40. Taxation policy of government is the part of
- Monetary policy
 - Fiscal policy
 - EXIM policy
 - Industry policy

41. During the phase of trough of business cycle, the growth rate became_____
 - a) High
 - b) Low
 - c) Negative
 - d) Zero
42. _____is measurable economics factor that changes before economy starts to follow a particular pattern of trend
 - a) Lagging indicators
 - b) Coincident indicators
 - c) Leading indicators
 - d) Concurrent indicator
43. Which of the following is an internal cause of business cycles
 - a) Wars
 - b) Natural factors
 - c) Fluctuations in the effective demand
 - d) Population growth
44. Phases of business cycles are
 - a) Peak, recession, depression and recovery
 - b) Bottom, recession, trough and boom
 - c) Peak, depression, trough and boom
 - d) Peak, depression, bust and boom
45. Which is not an example coincident indicator
 - a) Inflation
 - b) GDP
 - c) Interest rate
 - d) Financial market trend
46. During_____there is fall in level of investment and employment
 - a) Contraction
 - b) Depression
 - c) Boom
 - d) Recovery
47. The most feature of business cycles
 - a) Pervasive nature
 - b) Regular length
 - c) Periodic intensity
 - d) none
48. "Modern business activities are based on the anticipations of business community and are affected by waves of optimisation (or) pessimisation" is said by
 - a) Haw trey
 - b) Pigou
 - c) Keynes
 - d) Schumpeter

49. Economics in terms of Dynamic Growth and development defined by
- Alfred Marshall
 - Adam Smith
 - Robbins
 - Paul A Samuelson
50. A Socialistic economy is also called as
- Profit oriented economy
 - self-regulatory economy
 - Centrally planned economy
 - Unorganized economy
51. _____ economics explain economics phenomenon according to their causes and effects
- Normative
 - empirical
 - positive
 - applied
52. In capitalistic economy _____ and _____ will be more
- Inequalities, exploitation
 - Exploitation, equalities
 - Equalities, non-exploitation
 - Non exploitation, inequalities
53. In which economy, cost benefit analysis is used to answer the fundamental questions of economy
- Mixed economy
 - Socialistic economy
 - Capitalistic economy
 - Regulatory economy
54. The study of behaviour of different individuals, organisations with in an economic system is known as
- 'Micro economics
 - Macro economics
 - Welfare economics
 - None
55. In which economic system production and distribution of goods and services aim at maximizing the welfare of community as a whole
- Capitalistic economy
 - Normative
 - Mixed
 - Socialism
56. The nature of business economics is
- Positive in nature
 - Pragmatic
 - Pure science
 - Independent

57. _____ are responsible for all economic problems
- a) Unlimited wants
 - b) Alternative resources
 - c) Scarcity of resources
 - d) Others
58. Demand forecasting by means of asking customer what they are going to buy comes under
- a) Survey of buyers intention
 - b) Statistical method
 - c) Grass roots method
 - d) Experts opinion method
59. _____
- a)
 - b)
 - c)
 - d)
60. _____
- a)
 - b)
 - c)
 - d)
61. Which of the following is not an economic activity
- a) Land owner compensate the tiller of land in form of food grain
 - b) Doctor consulting his own family
 - c) Online teaching
 - d) Consumption of food items
62. Intellectual property rights and copyrights is an example of which of the following key factor of PESTLE Matrix?
- a) Social
 - b) Technological
 - c) Economic
 - d) Political
63. According to Income tax Act, which of the following cannot be a source of income for HUF?
- a) Income from salary
 - b) Income from house property
 - c) Income from business and profession
 - d) Income from other sources
64. What is popular psychological motive in case of profession as an economic occupation?
- a) Service to clients
 - b) economic achievement
 - c) source of livelihood
 - d) Membership of professional body

65. Limited liability partnership is_____
- a) Non mutual agency
 - b) Hybrid form of business organization
 - c) Social & environment concern
 - d) Public sector
66. _____is a framework for macro environmental analysis.
- a) Global
 - b) Political
 - c) PESTLE
 - d) Social
67. Perpetual succession indicates_____
- a) Registration of partnership firm is compulsory
 - b) Limited scope for rising fund
 - c) Separate legal entity, separate from its members
 - d) Liability of the partners is limited to his contribution to capital
68. Which of the following is the recently introduced form of business organization in INDIA wide companies Act 2013?
- a) LLP
 - b) Sole proprietorship
 - c) OPC
 - d) Private limited company
69. Which of the following is not an example of socio-cultural environment?
- a) Role of women in society
 - b) Raising income
 - c) Family structure
 - d) Educational levels
70. Factors like Trends, Events of different interest groups are needed to be considered in_____
- a) Environmental analysis
 - b) Environmental scanning
 - c) Environmental inference
 - d) Environmental response
71. Which of the following is not an important characteristic of business environment?
- a) Image building
 - b) Continuous learning
 - c) Giving direction for shrinking
 - d) Opportunities and threats
72. ABC company is aiming towards Joint venture and partnership with other firms to manage uncertainty. This is an example of following type of Organizational response to the environment?
- a) Collective response
 - b) Competitive Response
 - c) Micro environmental response
 - d) Administrative response

73. Who has the vision "To attain world class Excellency by demonstrating value added products to customers"?
- a) IBM Corporation
 - b) Intel Corporation
 - c) Bajaj Auto Limited
 - d) Bharti Airtel Limited
74. Which of the following is a multinational financial service corporation?
- a) IBM corporation
 - b) Walmart
 - c) Microsoft Corporation
 - d) American Express
75. In 1981, 7 engineers in pune, Founded the following company:
- a) L&T
 - b) Infosys
 - c) Wipro
 - d) TCS
76. Which of the following company ranked first in fortune 500 company list 2019?
- a) Walmart
 - b) Microsoft
 - c) Intel
 - d) American Express
77. To help individuals and businesses realize their full potential. Is the vision of
- a) Cognizant
 - b) Apple
 - c) Microsoft
 - d) Walmart
78. A security which has a solid record of dividend payments and offer the dividend higher than the common stock is _____
- a) Hedge
 - b) Holding period
 - c) Index
 - d) Income Stock
79. Above the balance available in the account of the payer is called _____
- a) Overdraft
 - b) Maturity
 - c) Market value
 - d) Mortgage
80. The effect of change in price will have on customers is
- a) Price Discrimination
 - b) Price Skimming
 - c) Price sensitivity
 - d) Pre-Emptive Pricing

81. A strongly motivated and long standing decision of the customer to purchase a particular product or service is referred as_____
- Buying behaviour
 - Brand Recognition
 - Brand Loyalty
 - Customer satisfaction
82. _____is a measurement of relationship between stock price of any particular stock and the movement of whole market.
- Call Option
 - Bids and Offer
 - Beta
 - Break-even Point
83. Bid is the_____
- Lowest value the which the seller is willing to sell
 - Highest value which the buyer is willing to pay
 - Highest value which the seller is willing to sell
 - Lowest value which the buyer is willing pay
84. Government keeps hold of responsibility and private enterprise handle fully or partly the delivery of product and services. Such type of concept of privatization is known as_____
- Divestment
 - Displacement
 - Disinvestment
 - Delegation
85. The formation of National Skills Development Corporation (NSDC) is an example of which of the following type of public policy?
- Restrictive
 - Social
 - Facilitating
 - Regulatory
86. Organising of immunization camps by government is an example of which policy?
- Restrictive
 - Social
 - Distributive
 - Regulatory
87. Taking of restrictions in exports and imports of goods is_____
- Liberalization
 - Privatization
 - Globalization
 - Socialization
88. Gradual decrease in government command and control over economic policies is called_____
- Socialization
 - Liberalization
 - Globalization
 - capitalization

89. Selling of a portion of ownership from public enterprise to private parties is called
 - a) Disinvestment
 - b) Divestment
 - c) Delegation
 - d) Deregulation
90. In which of the following FDI is prohibited under both the Government Route as well as the Automatic Route:
 - a) Atomic energy
 - b) Solar energy
 - c) wind energy
 - d) Biomass energy
91. Controller of capital Issues was replaced by which of the following Regulatory authority?
 - a) IRDAI
 - b) Competition Commission of India (CCI)
 - c) RBI
 - d) SEBI
92. Which of the following is not an objective of establishing the Competition Commission of India(CCI)?
 - a) To Prevent practices having adverse effect on competition
 - b) To preserve and sustain competition in markets
 - c) To protect the interests of the customers
 - d) To ensure restriction of trade carried on by other participants in markets
93. SEBI was setup to regulate the_____
 - a) Insurance market
 - b) Security market
 - c) Money market
 - d) Capital market
94. Which of the following is not a regulatory body?
 - a) SIDBI
 - b) SEBI
 - c) RBI
 - d) CCI
95. IRDAI full form
 - a) Industrial Regulatory Development Authority of India
 - b) Institutional Regulatory Development Authority of India
 - c) Insurance Regulatory Development Authority of India
 - d) Insurance Ruling Development Authority of India
96. Which of the following financial institution is known for dealing in SHG bank linkage program?
 - a) NABARD
 - b) IRDAI
 - c) SBI
 - d) SEBI

97. _____
 a)
 b)
 c)
 d)

98. _____
 a)
 b)
 c)
 d)

99. _____
 a)
 b)
 c)
 d)

100. _____
 a)
 b)
 c)
 d)

ANSWER KEY

1	2	3	4	5	6	7	8	9	10
D	B	A	A	A	A	D	C	B	D
11	12	13	14	15	16	17	18	19	20
B	D	B	A	A	C	B	A	D	B
21	22	23	24	25	26	27	28	29	30
C	B	C	C	D	D	C	D	C	B
31	32	33	34	35	36	37	38	39	40
A	C	A	A	A	B	A	C	C	B
41	42	43	44	45	46	47	48	49	50
C	C	C	A	C	A	C	B	D	C
51	52	53	54	55	56	57	58	59	60
C	A	A	A	D	B	C	A		
61	62	63	64	65	66	67	68	69	70
B	B	A	A	B	C	C	C	B	B
71	72	73	74	75	76	77	78	79	80
C	A	C	D	B	A	C	D	A	C
81	82	83	84	85	86	87	88	89	90
C	C	B	D	C	C	A	B	A	A
91	92	93	94	95	96	97	98	99	100
D	D	D	A	C	A				

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