

BUSINESS ECONOMICS AND BCK

(JULY 2021 EXAM PAPER)

- 1) Suppose the demand for automobile decreases due to increase in price of petrol. Both the goods are.
 - a) Normal
 - b) Substitute
 - c) Perishable
 - d) Complementary
- 2) Goods which are inferior, with no close substitutes easily available and which occupy a substantial place in consumer's budget are called _____ goods.
 - a) Giffen
 - b) Speculative
 - c) Conspicuous
 - d) Prestige
- 3) By 'Change in demand' represents which of the following?
 - a) Shift of the demand curve to the right or left.
 - b) Movement upward and downwards on the same demand curve.
 - c) Change in budget line with change income.
 - d) Shift in the indifference curve.
- 4) A group of people decrease or alt stop consumption of a common product due to which of the following effect?
 - a) Veblen effect
 - b) Snob effect
 - c) Bandwagon effect
 - d) A & C
- 5) Highly priced goods are consumed by status seeking rich people to satisfy their need for conspicuous consumption. This is called
 - a) Veblen effect
 - b) Demonstration effect
 - c) snob effect
 - d) Bandwagon effect
- 6) For which of the following product elasticity of demand is highly elastic?
 - a) Salt
 - b) Jewellery
 - c) Life saving medicines
 - d) water
- 7) Assume that Wheat have (-) 0.4 as income elasticity. By this, we can say:
 - a) Wheat is a normal good
 - b) Wheat is an inferior good
 - c) Wheat is a superior good
 - d) Wheat is a luxurious good
- 8) The demand for a generic good like soap is _____ the demand for Lux soap is _____
 - a) Inelastic, elastic

- b) Elastic, inelastic
 c) Inelastic, inelastic
 d) Elastic, elastic
- 9) The quantity demanded of coffee increases by 2% when the price of tea increases by 8%, the cross-elasticity of demand between two products are_____?
- a) -0.30
 b) +0.30
 c) +0.25
 d) -0.25
- 10) The price of a commodity decreases from Rs. 200 to Rs. 120 per unit. If the price elasticity of demand for this commodity is 2 and the original quantity demanded is 60 units, calculate the new quantity demanded.
- a) 8 units
 b) 100 units
 c) 120 units
 d) 108 units
- 11) Marshall defined the concept of consumer surplus as the_____
- a) Area covered in between the average revenue and marginal revenue curves.
 b) Difference between the maximum amount a person is willing to pay for a good and the amount he actually pays.
 c) Area inside the budget line.
 d) Difference between the minimum amount a person is willing to pay for a good and its market price.

Read the following table and answer question no. (12-13):

Quantity Consumed	Total Utility
0	0
1	300
2	500
3	650
4	750
5	830
6	890
7	930
8	960

- 12) What is marginal utility when consumption increases from 4 units to 5 units?
- a) 130
 b) 80
 c) 160
 d) 100
- 13) What is marginal utility when consumption increases from 7 units to 8 units?
- a) 60
 b) 100
 c) 40
 d) 30
- 14) Indifference Curve analysis is based on which approach?

- a) Nominal
 b) Cardinal
 c) Marginal
 d) Ordinal
- 15) The Indifference curve for two perfect complementary goods is_____
- a) Z-shaped
 b) L-shaped
 c) U-shaped
 d) Straight line
- 16) Which one of the following is not a necessary function of an entrepreneur?
- a) Risk and uncertainty bearing.
 b) Initiating a business enterprise.
 c) Innovations.
 d) Supervision of day to day production activities.
- 17) Which of the following is not a passive factor of production?
- a) Land
 b) Building
 c) Labour
 d) Machine
- 18) 'Zero economic profit' emerges due to which of the following condition?
- a) Average revenue is more than average total cost
 b) Marginal revenue is just equal to average total cost
 c) Marginal revenue is just equal to marginal cost
 d) Average revenue is just equal to average total cost.
- 19) The difference between TFC and TC is equal to:
- a) Zero
 b) TVC
 c) MC
 d) AFC

Use table below to answer questions 20 – 22.

Output	0	1	2	3	4	5	6
Total Cost (Rs.)	360	495	615	720	810	915	1035

- 20) The average fixed cost of 3 units of output is
- a) Rs. 180
 b) Rs. 225
 c) Rs. 120
 d) Rs. 134
- 21) The marginal cost of the fifth unit of output is
- a) Rs. 174
 b) Rs. 225
 c) Rs. 675
 d) Rs. 105
- 22) Diminishing marginal returns starts to occur between_____Units.

- a) 4 and 5
 b) 3 and 4
 c) 5 and 6
 d) 1 and 2
- 23) Which of the following is the price at which the quantity demanded of a commodity is equal to the quantity supplied of the commodity and there is no unsold stock or no unsupplied demand.
 a) Selling price
 b) Market clearing price
 c) Asking price
 d) Future price
- 24) Which of the following is not an element of a market?
 a) Knowledge about market conditions
 b) No bargaining for a price
 c) A product or service
 d) Buyers and seller
- 25) On the basis of nature of transactions, market can be classified as
 a) Wholesale market and retail market
 b) Future market and spot market
 c) Regulated market and unregulated market
 d) Money market and Future market
- 26) The equilibrium quantity increases but the change in equilibrium price is uncertain, when
 a) Both demand and supply decrease
 b) Demand increases and supply decreases
 c) Both demand and supply increase
 d) Demand decreases and supply increases
- 27) Marginal revenue will be positive where price elasticity of demand is _____
 a) Zero
 b) More than one
 c) Less than one
 d) Equal to one
- 28) A seller realizes Rs. 25,000/- after selling 15 units and he realizes Rs. 35,000/- after selling 25 units, what is the marginal revenue here?
 a) 2,500/-
 b) 100/-
 c) 1,000/-
 d) 3,500/-
- 29) The _____ is the market where the commodities are bought and sold in bulk or large quantities. Transactions generally take place between trades.
 a) Wholesale market
 b) Regulated market
 c) Local market
 d) Retail market
- 30) Which of the following is an example of monopolistic competition?

- a) DeBeers and Diamonds
 - b) Hotels and pubs
 - c) Microsoft and Window
 - d) Dell and Lenovo
- 31) Which of the following is not a feature of the monopoly market?
- a) Large seller of the product
 - b) No close — substitutes
 - c) Market power
 - d) Single seller of the product
- 32) Who propounded the price rigidity under kinked demand curve model of oligopoly?
- a) Adam Smith
 - b) Karl Marx
 - c) Keynes
 - d) Paul A. Sweezy
- 33) A firm, to attain the equilibrium position under perfect competition has to satisfy which of the following conditions?
- a) $MR > MC$
 - b) $MR < MC$
 - c) MR curve should cut MC curve from below
 - d) MC curve should cut MR curve from below
- 34) Which one of the following it not a characteristic of Oligopoly?
- a) Strategic interdependence
 - b) Large number of firms selling close substitutes
 - c) Importance of selling cost
 - d) Group behaviour
- 35) A group of firm that explicitly agree (collude) to coordinate their activities is called a/an_____
- a) Oligopsony
 - b) Duopoly
 - c) Monopsony
 - d) Cartel
- 36) Electricity companies sell electricity at a cheaper rate for power consumption in rural areas than for industrial consumptions. This is an example of
- a) Product discrimination
 - b) Perfect competition
 - c) Price discrimination
 - d) Price taker
- 37) Non-price competition is observed in which type of following market?
- a) Monopoly
 - b) Monopolistic Competition
 - c) Duopoly
 - d) Oligopoly
- 38) Which phase of business cycle is characterised by increase in national output, employment, aggregate demand, capital and consumer expenditure sales, profits etc.,?

- a) Depression
 - b) Contraction
 - c) Trough
 - d) Expansion
- 39) Coincident economic indicators are also called as
- a) Leading Indicators
 - b) Concurrent Indicators
 - c) Headed Indicators
 - d) Capacity Indicators
- 40) According to whom "Business "fluctuations are the outcome of some psychological states of mind of business community".
- a) Marshall
 - b) A.C. Pigou
 - c) J.K. Hicks
 - d) Schumpeter
- 41) Which of the following is not a feature of business cycle?
- a) Business cycles are contagious and are international in character.
 - b) Business cycles have uniform characteristics and causes.
 - c) Business cycles have serious consequences on the well-being of the society.
 - d) Business cycles generally originate in free market economies.
- 42) Variables that change before the real output changes are called as
- a) Trade cycle
 - b) Business cycle
 - c) Leading indicators
 - d) Lagging indicators
- 43) In which of the following phase of a business cycle, actual demand stagnates?
- a) Expansion
 - b) Peak
 - c) Contraction
 - d) Recovery
- 44) In a typical business cycle, in which phase supply exceeds demand'.
- a) Expansion
 - b) Peak
 - c) Contraction
 - d) Recovery
- 45) The rhythmic fluctuations in aggregate economics activity that an economy experiences over a period of time is called.
- a) Business cycle
 - b) Recession
 - c) Contraction phase
 - d) Recovery
- 46) Variables that change after real output changes are known as
- a) Leading indicators
 - b) Cyclical indicators
 - c) Lagging indicators

- d) Coincident indicators
- 47) Internal cause of Business cycles is
- a) Fluctuations in investments
 - b) Natural factors
 - c) Technology shocks
 - d) Population growth
- 48) Which business cycle phases are known as Turning Points?
- a) Trough and Depression
 - b) Peak and Trough
 - c) Expansion and Contraction
 - d) Peak and Boom
- 49) The famous book abbreviated as "The Wealth of Nations", which is also considered as the first modern work of Economics, was written by _____
- a) Frederic Engels
 - b) Karl Marx
 - c) David Ricardo
 - d) Adam Smith
- 50) The economic system in which production and distribution of goods are aimed at maximizing the welfare of the community as a whole is known as:
- a) Capitalism
 - b) Socialism
 - c) Mixed economy
 - d) Communist Economy
- 51) Study of the behaviour of different individuals and organizations within an economic system is called?
- a) Industrial Economics
 - b) Macro Economics
 - c) Micro Economics
 - d) Welfare Economics
- 52) Which one of the following is not the scope of business economics?
- a) Cost standards
 - b) Cost analysis
 - c) Demand analysis
 - d) Inventory management
- 53) Which of the following statement is correct?
- a) Mixed economy is not always a 'golden path' between capitalism and socialism.
 - b) Socialistic economy is not always a 'golden path' between mixed and capitalism.
 - c) Capitalistic economy is not always a 'golden path' between mixed and socialism.
 - d) Mixed economy is always a 'golden path' between capitalism and socialism.
- 54) The concept of Socialist economy was propounded by _____
- a) Karl Marx and Adam Smith
 - b) Frederic Engels and Adam Smith

- c) Frederic Engels
d) Karl Marx and Frederic Engels
- 55) Business economics is pragmatic in its approach because?
a) It tackles practical problem which the firm faces in real world.
b) It tackles practical problem which the firm faces due to WTO policies.
c) It tackles practical problem which the faces due to lack of directors.
d) Business economics is abstracts and purely theoretical
- 56) The 'Central Economics Problem' does not deal with which of the following economic problems?
a) What to produce?
b) How to produce?
c) For whom to produce?
d) Where to produce?
- 57) Business Economics is essentially a component of Applied Economics as it includes application of selected quantitative techniques. Which technique is not included in it?
a) Regression analysis
b) Capital budgeting
c) Economic analysis
d) Linear programming
- 58) Which of the following is not a study of Macro — economics?
a) Consumer behaviour
b) National Income
c) General price level
d) Level of employment
- 59) The central economic problem of an economy arises due to:
a) Scarcity of resources relative to the wants
b) Co-existences of private and public sector
c) Govt. interference in economic activities
d) Federal structure of Constitution
- 60) Of the following, who developed the Delphi technique of demand forecasting?
a) Olaf Helmer
b) David Richardson
c) Michael Porter
d) J.M. Keynes
- 61) Which of the following is not a feature of Private Company?
a) There are no restrictions on transfer of shares.
b) Minimum number of directors are 2
c) Private companies are exempted from constituting various committees of Board of Directors
d) It can start business upon incorporation.
- 62) In Business and Commercial knowledge (BCK) vocabulary, 'strategy' is originally belongs to which discipline?
a) Animal psychology
b) Military
c) Biology
d) Economics

- 63) Human activities distinguishable by presence of the livelihood motives are known as:
- a) Economic activities
 - b) Non-economic activities
 - c) Emotional activities
 - d) Sentimental activities
- 64) A company created for a future project and has no significant accounting transaction is called.
- a) Shell company
 - b) Commercial Company
 - c) One Person Company
 - d) Dormant Company
- 65) Which of the following is not a feature of Limited Liability Partnership?
- a) Incorporation is mandatory
 - b) It is a legal entity
 - c) Limited liability
 - d) Autonomy of being one's own boss
- 66) Which one of the following is an organic objective of business?
- a) Fitness of human resources
 - b) Economic value added
 - c) Sanitation
 - d) Water and soil quality
- 67) Under which act a HUF enjoys a separate entity status?
- a) Partnership Act
 - b) Companies Act
 - c) Income Tax Act
 - d) GST Act
- 68) An organization is planning to create a Joint Venture to cope up with environmental uncertainty. This is an example of the following type of organizational response to its environment.
- a) Administrative Response
 - b) Collective Response
 - c) Competitive Response
 - d) Micro Environmental Response
- 69) Which of the following capability a company require to survive in long term?
- a) Frequent change in work force
 - b) The ability to change
 - c) Vision to acquire profit
 - d) Expansion in territory of business
- 70) While scanning environment, events are which of the following?
- a) Group of similar events
 - b) Current concerns on events
 - c) Demand made by interested groups
 - d) Observed and tracked

- 71) A strategic response where businesses are very passive in their behaviour is called as
- Least resistance
 - Proceed with caution
 - Dynamic response
 - Strategic action
- 72) The event of conducting Commonwealth Games in India is an example of the following element of Macro Environment:
- Political-Legal Environment
 - Socio-Cultural Environment
 - Technological Environment
 - Global Environment
- 73) What are the three classes of organization's internal responses that business can opt?
- Automatic Response, Comprehensive Response and Collective response
 - Administrative Response, Comprehensive Response and Collective Response
 - Administrative Response, Competitive Response and Collective Response
 - Automatic Response, Competitive Response and Collective Response
- 74) An effective organizational strategy includes which of the following activities?
- Capitalizes on the opportunities through the use of threats
 - Neutralizes the threats by minimizing the impact of weaknesses
 - Neutralizes the opportunities by minimizing the impact of weaknesses
 - Capitalizes on the weaknesses through the use of threats.
- 75) Dividing consumer into groups based on different consumer characteristics, to deliver specially designed advertisements that meet these characteristics as closely as possible, is known as.
- Mass Marketing
 - Market Targeting
 - Market Segmentation
 - Marketing Plan
- 76) The simultaneous purchase and sale of two identical commodities or instruments are called as _____
- Amortize
 - Annuity
 - Arbitrage
 - Asset
- 77) The price of a security at the beginning of the trading days is called.
- Basket trading
 - Base price
 - Bid
 - Book value
- 78) What is Hedge?
- It is a statistical measurement of change in the economy.
 - It is a Strategy that is used to minimize the risk of a particular investment and maximize the returns of an investment.
 - It is a trading platform.

- d) It is a security which has a solid record of dividend payments.
- 79) Which of the following code consists of black squares arranged in a square grid on a white background, which can be read by an imaging device such as a camera until the image can be appropriately interpreted?
- a) Universal Product Code
 - b) One Dimensional Bar Code
 - c) Black and White Code
 - d) Quick Response Code
- 80) Amount which are owned to a company that need not to be paid back is called
- a) Assets
 - b) Bad debts
 - c) Bears
 - d) Current Assets
- 81) 'Hunger to win customers for life' is the mission of which of the following company?
- a) Adani Ports and Special Economic Zones Limited
 - b) Asian Paints
 - c) Bharti Airtel Limited
 - d) Cipla Limited
- 82) Which of the following Company have its headquarters in California. U.S. ?
- a) Walman
 - b) Intel Corporation
 - c) American Express
 - d) Microsoft
- 83) Which company was founded by 7 Engineers from Pune in 1981?
- a) Wipro
 - b) Infosys
 - c) ITC
 - d) L & T
- 84) Management consultants advise business leads in which of the following area?
- a) Improve efficiency
 - b) Increase sales
 - c) Reduce human resources
 - d) Increase cost of inputs
- 85) Financial analysis are also called among which of the following?
- a) Management consultants
 - b) Mutual fund analysis
 - c) Financial guru
 - d) Security analysis
- 86) "Caring for Life" is the slogan of which pharmaceutical company of India?
- a) Cipla Ltd.
 - b) Dr. Reddy's Laboratories Ltd.
 - c) Ranbaxy Ltd.
 - d) Glaxo (I) Ltd
- 87) Which of the following is not a subsidiary of NTPC Limited?
- a) Kanti Bijlee Utpadan Nigam Limited

- b) Bharatiya Rail Bijlee Company Limited
 - c) Patratu Vidyut Utpadan Nigam Limited
 - d) Powerlink Transmission Limited
- 88) Who from the following helps a budding business to quickly launch a product and put it in the first lane of commercial success?
- a) Business incubator
 - b) Freight forwards
 - c) Business accelerator
 - d) Merchandiser
- 89) The Competition Commission of India was established on _____
- a) 14th August, 2003
 - b) 14th September, 2003
 - c) 14th October, 2003
 - d) 14th November, 2003
- 90) MRTP Act, 1969 stands repealed with the enforcement of the following Act:
- a) Foreign Exchange Regulation Act, 1973
 - b) Foreign Exchange Management Act, 1999
 - c) Competition Act, 2002
 - d) IRDAI Act, 1999
- 91) Which of the following Institution has a portfolio of Natural Resource Management Programmes involving diverse fields like Watershed Development, Tribal Development etc., through dedicated funds set up for the purpose?
- a) SEBI
 - b) RBI
 - c) SBI
 - d) NABARD
- 92) A company who organizes shipments for the business firms to get goods from the manufacturer to final point of distributions is called as:
- a) A merchandiser
 - b) A freight forward
 - c) A financial consultant
 - d) A business incubator
- 93) Which authority regulates and develops the Indian capital market and protects the interest of investors in the capital market?
- a) National Stock Exchange (NSE)
 - b) SEBI
 - c) RBI
 - d) Bombay Stock Exchange (BSE)
- 94) Which of the following is one of the most significant macro policy indicator that impact business?
- a) Trade policy
 - b) International trade
 - c) Tax rates
 - d) Rural policy

- 95) Type of privatization, where Government keeps hold of responsibility and private enterprise handles fully or partly the delivery of product and services through contract franchise, grant, etc., is known as:
- a) Divestment
 - b) Disinvestment
 - c) Displacement
 - d) Delegation
- 96) In which of the following sector, FDI is prohibited in India?
- a) Retail
 - b) Nidhi Company
 - c) Pharmaceutical
 - d) Electronics
- 97) FIIs prefer to park their funds to fuel which type of market?
- a) Stock
 - b) Bullish
 - c) Money
 - d) Commodity
- 98) Which policies are meant for specific segments of society, it can be in the area of public distribution to people below poverty line, justice for women etc.?
- a) Financial
 - b) Distributive
 - c) Facilitating
 - d) Economic
- 99) Which of the following is an example of facilitating policy?
- a) Companies Act 2013
 - b) Income Tax Policy
 - c) Monetary Policy
 - d) Micro-Small-Medium enterprises
- 100) Which of the following is not a source of infusion of foreign funds in India?
- a) Listing of a company in NSE through IPO
 - b) Non-Resident Indians
 - c) Foreign Institutional Investors
 - d) Overseas Citizens of India

ANSWER KEY

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