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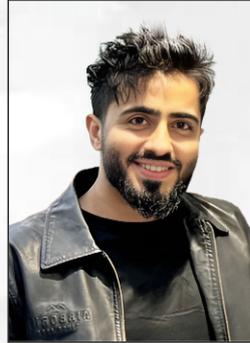
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On behalf of TEAM YES

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CHAPTER 1 - BASIC CONCEPTS

1. *Who was the father of Economics*
 - a) *Marshall*
 - b) *Adam smith*
 - c) *Robbins*
 - d) *Keynes*

2. *Normative Economic theory deals with*
 - a) *What to produce*
 - b) *How to produce*
 - c) *Whom to produce*
 - d) *How the problem should be solved*

3. *Micro Economics theory deals with.*
 - a) *Economy as a whole*
 - b) *Individual units*
 - c) *Economic growth*
 - d) *all the above*

4. *In economics goods includes material things which ...*
 - a) *A can be transferred*
 - b) *can be visible*
 - c) *both A & B*
 - d) *None*



5. Human wants are

- a) limited
- b) unlimited
- c) undefined
- d) none

6. Nature of PPF curve is

- a) convex to the origin
- b) concave to the origin
- c) both
- d) none

7. If PPF is linear it implies ...

- a) constant opportunity cost
- b) diminishing apart cost
- c) Increasing opportunity cost
- d) None

8. Any point beyond PPF is

- a) attainable
- b) unattainable
- c) both
- d) none

9. If an economy is working at the point left to PPF curve that shows...

- a) Full employment

- b) unemployment
- c) excess production
- d) none

10. Point elasticity was propounded by:

- a) Adam smith
- b) Marshall
- c) Robbins
- d) Keynes

11. Luxury goods have _____ degree of elasticity

- a) High
- b) low
- c) Moderate
- d) None

12. The demand for salt is inelastic, because _____

- a) of low price
- b) absence of it makes food tasteless
- c) no substitutes
- d) All the three

13. Price elasticity demand of product will be more elastic if it _____

- a) has no substitutes
- b) has number of substitutes
- c) is an item of necessity

d) is life saving product

14. If the price of burger rises from ₹ 12 per piece to ₹ 20 per piece as a result of which the daily sales decrease from 300 to 200 pieces per day. The price elasticity of demand can be estimated as:

a) 0.5

b) 0.8

c) 0.25

d) 2.10

15. An increase in price will result in an increase in total revenue if

a) percentage change in quantity demanded is greater than the percentage change in price

b) percentage change in quantity demanded is less than the percentage change in price

c) percentage change in quantity demanded is equal to the percentage change in price

d) none

16. If the price elasticity of demand for wine is estimated to be -6, then a 20% increase in price of wine will lead to _____ in quantity demanded of wine at that price

a) 120% increase

b) 120% decrease

c) 126% increase

d) 126% decrease

17. Which of the following is not a factor in market supply of a product?

a) cost of production

b) number of buyers

c) market price of the product

d) price of related products

18. Which of these will have highly inelastic supply?

a) perishable goods

b) consumer durables goods

c) Items of elite class consumption

d) All the three

19. The supply function of a product x is as $S_x = 5p_x + 3$. Where p_x stand for price. The quantity supplied corresponding to price of ₹ 2 will be

a) 18

b) 13

c) 15

d) 23

20. is the functional relationship between physical inputs (i.e. factors of production), and physical outputs (i.e. quantity of good / service produced)

a) Input- Output Function

b) Demand - Supply Function

c) Production Function

d) Cost Function

21. Variable factor means those factors of production-

a) Which can be only changed in the long run

b) Which can be changed in the short run



- c) Which can be never be changed
- d) Both (a) & (b) correct
22. All factor of production become variable in -
- a) Medium - run
- b) Short- run
- c) Long -run
- d) none of the above
23. What is the maximum point of TP?
- a) When AP become zero
- b) When MP become zero
- c) At the intersecting point of AP& MP
- d) None of these
24. At the point of Inflexion, TP will generally-
- a) Show increases trend
- b) Show decreasing or increasing trends
- c) Equal to Zero
- d) be negative
25. 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 Marginal Product of Labour is falling

- d) *The Average product of Labour is negative*
26. *Why does the Law of Increasing Returns operate?*
- a) *Full use of Fixed Indivisible Factors.*
- b) *Efficiency of Variable Factors.*
- c) *Need to reach the right combination*
- d) *All of the above*
27. *A Rational Producer will operate in -*
- a) *Stage I*
- b) *Stage II*
- c) *Stage III*
- d) *All of the above*
28. *Internal Economies and Diseconomies arise due to -*
- a) *Overall industry-level changes*
- b) *Changes at the Firm Level*
- c) *Both (a) and (b)*
- d) *Neither (a) nor (b)*
29. *Identify the correct statement.*
- a) *Average product is at its maximum when Marginal Product is equal to Average Product.*
- b) *Law of Increasing Returns to Scale relates to the effect of changes in factor proportions.*
- c) *Economies of Scale arise only because of invisibilities of factor proportions.*
- d) *Internal Economies of scale can accrue only to the exporting sector.*

30. *In the primitive age the factors used in production were mainly*
- a) *Capital*
 - b) *Land*
 - c) *Labour*
 - d) *Both land and labour*
31. *Modes of production was propounded by*
- a) *Adam Smith*
 - b) *Karl Marx*
 - c) *David Ricardo*
 - d) *Alfred Marshall*
32. *The labour surplus is the difference between value of output minus*
- a) *Values of materials used*
 - b) *Values of fixed land used*
 - c) *Values of capital used*
 - d) *none*
33. *Socialistic nature of an economy means*
- a) *income and wealth are owned by the capitalists*
 - b) *income and wealth are owned by the labour class*
 - c) *income and wealth are owned by the state and public*
 - d) *All*
34. *Capitalistic economy means where the wealth and income of the country are owned by the*

- a) state
- b) land owners
- c) state and public
- d) bourgeois

35. According to _____ Economics is the study of science of wealth.

- a) Adam Smith
- b) A. Marshall
- c) L. Robbins
- d) J.B.Say

36. The book "Principles of Economics" was written by _____

- a) Adam Smith
- b) A. Marshall
- c) L. Robbins
- d) J.B.Say

37. What is the central problem of all economies

- a) What to produce?
- b) How to produce?
- c) Whom to produce?
- d) All the above.

38. Which is not the scope of macroeconomics.

- a) Theory of Economic welfare

- b) Theory of Inflation
- c) Theory of Economic Growth
- d) Theory of Trade cycles.

39. Deductive method is also called

- a) Prior method
- b) Abstract Method
- c) Analytical Method
- d) All the above

40. The stock of the goods under the ownership of a person is called.

- a) International wealth
- b) National wealth
- c) Social wealth
- d) Personal wealth

41. The Saving are accumulated into _____

- a) Income
- b) Wealth
- c) Investment
- d) None

42. The Purchasing of new shares of a company is called

- a) Real Investment
- b) Net Investment
- c) Portfolio investment



d) *Total investment*

43. *The Savings always equal to _____*

a) *Income*

b) *Investment*

c) *Profits*

d) *Consumption.*

44. *What are the constituents of Money Supply.*

a) *Rupee notes and coins*

b) *Credit cards*

c) *Travelers cheque*

d) *All the above.*

45. *What are the functions of market.*

a) *To determine the price of the goods.*

b) *To determine the quantity of the good*

c) *Both*

d) *None.*

46. *According to the Law of Demand, demand varies.....with price.*

a) *Directly*

b) *Indirectly*

c) *Proportionately*

d) *Inversely*



47. In the case of inferior goods, the consumer
- a) Purchases less with increase in income
 - b) Purchases less with decrease in price
 - c) Purchases more with increase in income
 - d) Purchases more with decrease in price
48. When the price of a complementary product falls, the demand for the other product will
- a) Fall
 - b) Increase
 - c) Remain stable
 - d) Drop by 25 percent
49. The supply curve always slopes
- a) Up wards
 - b) Down wards
 - c) both (A) and (B)
 - d) neither (a) nor (B)
50. _____ refers to the quantity of a commodity which a firm is willing to produce and offer for sale.
- a) Individual Supply
 - b) Market Supply
 - c) Individual Demand
 - d) Market Demand
51. Equilibrium means.....



- a) Change position
- b) Unchanged position
- c) Equality in society
- d) All the above

52. Equilibrium price is determined when.....

- a) Demand > Supply
- b) Demand < Supply
- c) Demand = Supply
- d) None

53. If the Demand more than supply then the price.....

- a) Decrease
- b) Increase
- c) Constant
- d) None.

54. If the supply is more than Demand than the price.....

- a) Decrease
- b) Increase
- c) Constant
- d) None.

55. More increase in supply and less increase in Demand leads.....

- a) Decrease
- b) Increase



c) *Constant*

d) *None.*

56. *When the MP = AP, then the AP is*

a) *Maximum*

b) *Minimum*

c) *Less*

d) *More*

57. *Explicit cost refers to_*

a) *All anticipated future costs*

b) *Opportunity cost of next best alternative forgone*

c) *Actual expenses to purchase or hire inputs*

d) *all the three*

58. *Which of these is an example of explicit cost*

a) *Cost of raw material*

b) *Notional rent of the office building*

c) *Interest on capital employed by the entrepreneur*

d) *all the three*

59. *Which of the seisan example of implicit cost*

a) *Labour wages*

b) *cartage on goods purchased*

c) *rent of owned factory building*

d) *Lease charges of plant*

60. Which of these costs will increase or decrease with production.

- a) Variable cost of production
- b) Fixed cost of production
- c) Both
- d) Average cost of production

61. Labour supply curve is

- a) Upward sloping
- b) downward sloping
- c) Backward sloping
- d) a straight line

62. Which of these cost curves shape rectangular hyperbola_?

- a) AVC
- b) MC
- c) TFC
- d) AFC

63. Which of these costs declines continuously_?

- a) AVC
- b) MC
- c) TFC
- d) AFC

64. The sum total of explicit costs and implicit cost is termed as

- a) Accounting cost

- b) Historical cost
- c) Economic cost
- d) Real cost

65. TV Crises with increasing rate when law of is in operation

- a) Diminishing returns
- b) increasing returns
- c) Constant returns
- d) any of the above three

66. The average total cost and the average variable cost corresponding to production of 30unit is ₹30 and ₹27 respectively, the total fixed cost of the firm will be

- a) ₹60
- b) ₹80
- c) ₹90
- d) ₹100

67. Economics is the study of:

- a) Wealth only
- b) Human behaviour
- c) Allocation of scarce resources
- d) Money

68. The basic economic problem arises due to:

- a) Unlimited resources
- b) Limited wants

- c) Scarcity of resources
- d) Government policies

69. Microeconomics deals with:

- a) National income
- b) Individual units
- c) Inflation
- d) Unemployment

70. Macroeconomics deals with:

- a) Individual consumer behaviour
- b) Price of a single commodity
- c) Economy as a whole
- d) Demand of a product

71. Opportunity cost refers to:

- a) Cost of production
- b) Monetary cost
- c) Cost of next best alternative foregone
- d) Fixed cost

72. Production possibility curve shows:

- a) Demand and supply
- b) Maximum possible output combinations
- c) Cost and revenue
- d) Consumption pattern

73. Law of demand states that:
- a) Price and demand move in same direction
 - b) Price and demand move in opposite direction
 - c) Demand is constant
 - d) Supply determines demand
74. When demand increases and supply remains constant:
- a) Price falls
 - b) Price rises
 - c) No change in price
 - d) Demand falls
75. Elasticity of demand measures:
- a) Change in supply
 - b) Change in income
 - c) Responsiveness of demand to change in price
 - d) Change in production
76. Perfectly inelastic demand curve is:
- a) Horizontal
 - b) Vertical
 - c) Upward sloping
 - d) Downward sloping
77. Law of diminishing marginal utility states that:
- a) Utility increases at constant rate

- b) Marginal utility increases
- c) Marginal utility decreases as consumption increases
- d) Total utility decreases

78. Indifference curve represents:

- a) Equal income
- b) Equal satisfaction
- c) Equal price
- d) Equal output

79. Marginal cost is:

- a) Total cost divided by output
- b) Fixed cost
- c) Addition to total cost by producing one more unit
- d) Variable cost

80. Average cost is:

- a) Total cost per unit of output
- b) Total variable cost
- c) Fixed cost per unit
- d) Marginal cost

81. National income is:

- a) Income of government
- b) Income of individuals



- c) Total value of goods and services produced in a country
- d) Export earnings

82. GDP stands for:

- a) Gross Domestic Product
- b) Gross Development Plan
- c) General Domestic Production
- d) Government Domestic Product

83. Public goods are characterized by:

- a) Rivalry and excludability
- b) Non-rivalry and non-excludability
- c) High price
- d) Private ownership

84. Externality refers to:

- a) Internal cost
- b) External benefit or cost not reflected in price
- c) Government tax
- d) Market demand

85. Consumer surplus is:

- a) Excess supply
- b) Excess demand
- c) Difference between what consumer is willing to pay and what he actually pays
- d) Total revenue

86. Producer surplus is:
- a) Total cost
 - b) Difference between price received and minimum price willing to accept
 - c) Profit only
 - d) Marginal cost
87. Marginal revenue is:
- a) Revenue per unit
 - b) Addition to total revenue from sale of one more unit
 - c) Total profit
 - d) Total cost
88. Marginal propensity to consume (MPC) is:
- a) Change in saving / change in income
 - b) Change in income / change in consumption
 - c) Change in consumption / change in income
 - d) Total consumption / total income
89. Multiplier is equal to:
- a) $1 / MPC$
 - b) $1 / (1 - MPC)$
 - c) MPC / MPS
 - d) MPS / MPC
91. Marginal propensity to save (MPS) is:
- a) Change in saving / change in income

- b) *Change in income / change in saving*
- c) *Change in consumption / change in income*
- d) *Total saving / total income*

92. *Full employment means:*

- a) *No unemployment at all*
- b) *Zero frictional unemployment*
- c) *Absence of involuntary unemployment*
- d) *Everyone working 24 hours*

93. *Phillips Curve shows relationship between:*

- a) *Inflation and unemployment*
- b) *Demand and supply*
- c) *Income and saving*
- d) *Tax and revenue*

94. *Stagflation refers to:*

- a) *Inflation with growth*
- b) *Inflation with unemployment*
- c) *Deflation with growth*
- d) *Growth with stability*

95. *Economic growth refers to:*

- a) *Increase in population*
- b) *Increase in national income*



c) Increase in exports

d) Increase in tax revenue

96. Economic development includes:

a) Growth only

b) Structural and institutional changes

c) Increase in price level

d) Increase in imports

97. Human Development Index (HDI) is published by:

a) World Bank

b) IMF

c) UNDP

d) WTO

98. WTO stands for:

a) World Trade Organization

b) World Transport Organization

c) World Tax Organization

d) World Tariff Organization

98. Liberalization refers to:

a) Increase in government control

b) Reduction in government control

c) Nationalization

d) Central planning

99. Privatization means:

- a) Transfer of ownership from private to public sector
- b) Transfer of ownership from public to private sector
- c) Increase in subsidies
- d) Increase in taxation

100. Globalization refers to:

- a) Restricting imports
- b) Integration of world economies
- c) Increasing trade barriers
- d) National self-sufficiency

101. Mixed economy is characterized by:

- a) Only private sector
- b) Only public sector
- c) Co-existence of public and private sectors
- d) No government intervention

102. Capital formation means:

- a) Increase in money supply
- b) Increase in stock of capital goods
- c) Increase in consumption
- d) Increase in exports

103. Direct tax is a tax:

- a) Levied on goods



- b) Whose burden cannot be shifted
- c) Whose burden can be shifted
- d) Levied on production

104. Indirect tax is a tax:

- a) Levied directly on income
- b) Whose burden cannot be shifted
- c) Whose burden can be shifted
- d) Levied only on salary

105. Progressive tax is one where:

- a) Tax rate decreases with increase in income
- b) Tax rate remains constant
- c) Tax rate increases with increase in income
- d) No tax is charged

106. Regressive tax is one where:

- a) Tax rate increases with income
- b) Tax rate decreases with increase in income
- c) Tax rate remains constant
- d) Tax is proportional

107. Proportional tax is one where:

- a) Tax rate increases with income
- b) Tax rate decreases with income

- c) Tax rate remains constant irrespective of income
- d) No tax is imposed

108. Public expenditure refers to:

- a) Expenditure by private firms
- b) Expenditure by households
- c) Expenditure by government
- d) Expenditure by foreign sector

109. Revenue receipts are those receipts which:

- a) Create liability
- b) Reduce assets
- c) Do not create liability or reduce assets
- d) Are borrowed funds

110. Capital receipts are those receipts which:

- a) Do not create liability
 - b) Create liability or reduce assets
 - c) Are tax receipts only
 - d) Are non-tax receipts only
- Deficit financing means:

111. Quota refers to:

- a) Tax on imports
- b) Limit on quantity of imports
- c) Export duty
- d) Exchange rate

112. Comparative advantage theory was given by:

- a) Adam Smith
- b) David Ricardo
- c) Keynes
- d) Marshall

113. Absolute advantage theory was given by:

- a) Adam Smith
- b) Ricardo
- c) Keynes
- d) Samuelson

114. GNP differs from GDP by:

- a) Depreciation
- b) Net factor income from abroad
- c) Taxes
- d) Subsidies

115. Per capita income is:

- a) National income divided by population
- b) Population divided by national income
- c) Total production
- d) Government income

116. Poverty line indicates:

- a) Income level above which all are rich



- b) *Minimum income required for basic needs*
- c) *National income level*
- d) *Export level*

117. *Unemployment due to lack of demand is called:*

- a) *Structural unemployment*
- b) *Frictional unemployment*
- c) *Cyclical unemployment*
- d) *Seasonal unemployment*

118. *Disguised unemployment is common in:*

- a) *Industrial sector*
- b) *Agricultural sector*
- c) *Banking sector*
- d) *Foreign sector*

119. *Structural unemployment arises due to:*

- a) *Seasonal factors*
- b) *Lack of skills matching jobs*
- c) *Temporary job change*
- d) *Excess demand*

120. *Supply-side economics emphasizes:*

- a) *Increasing demand*
- b) *Increasing production and incentives*



- c) Increasing taxes
- d) Increasing imports

121. Break-even point is where:

- a) Profit is maximum
- b) Total revenue equals total cost
- c) Marginal cost is zero
- d) Demand is maximum

122. Isoquant curve represents:

- a) Equal cost
- b) Equal output
- c) Equal revenue
- d) Equal price

123. Isocost line represents:

- a) Equal output
- b) Equal cost combinations of factors
- c) Equal utility
- d) Equal revenue

124. Law of variable proportions is applicable in:

- a) Long run
- b) Short run
- c) Very long run
- d) International trade

125. Returns to scale is a concept of:

- a) Short run
- b) Long run
- c) Market demand
- d) National income

126. Increasing returns to scale means:

- a) Output increases in same proportion as inputs
- b) Output increases in greater proportion than inputs
- c) Output increases in lesser proportion than inputs
- d) Output decreases

127. Decreasing returns to scale means:

- a) Output increases in greater proportion than inputs
- b) Output increases in same proportion as inputs
- c) Output increases in lesser proportion than inputs
- d) Output remains constant

128. Constant returns to scale means:

- a) Output increases in same proportion as inputs
- b) Output increases in greater proportion than inputs
- c) Output increases in lesser proportion than inputs
- d) Output decreases

129. Marginal product is:

- a) Total output

- b) *Output per unit*
- c) *Addition to total output by employing one more unit of factor*
- d) *Average output*

130. *Average product is:*

- a) *Total output divided by units of factor*
- b) *Marginal output*
- c) *Total cost*
- d) *Total revenue*

131. *Law of diminishing returns states that:*

- a) *Total product always increases*
- b) *Marginal product eventually declines*
- c) *Average product always increases*
- d) *Output remains constant*

132. *Marginal rate of substitution (MRS) refers to:*

- a) *Rate of exchange of goods*
- b) *Rate at which consumer is willing to substitute one good for another*
- c) *Price ratio*
- d) *Income effect*

133. *Income effect refers to:*

- a) *Change in demand due to change in income*
- b) *Change in demand due to change in price affecting real income*



- c) *Change in supply due to income*
- d) *Change in cost*

134. *Substitution effect refers to:*

- a) *Change in demand due to change in income*
- b) *Change in demand due to change in relative prices*
- c) *Change in supply*
- d) *Change in production*

135. *Engel's law states that:*

- a) *Proportion of income spent on food increases as income increases*
- b) *Proportion of income spent on food decreases as income increases*
- c) *Income and saving are equal*
- d) *Demand is constant*

136. *Giffen goods are those goods:*

- a) *Whose demand increases with rise in price*
- b) *Whose demand decreases with rise in price*
- c) *Which are luxury goods*
- d) *Which are normal goods*

137. *Inferior goods are those goods:*

- a) *Demand increases with income*
- b) *Demand decreases with increase in income*
- c) *Demand is constant*
- d) *Supply increases*

138. Normal goods are those goods:
- Demand decreases with income
 - Demand increases with increase in income
 - Demand is constant
 - Supply decreases
139. Cross elasticity of demand measures:
- Change in demand due to change in income
 - Change in demand of one good due to change in price of another good
 - Change in supply
 - Change in production
140. Price elasticity of supply measures:
- Responsiveness of supply to change in price
 - Responsiveness of demand
 - Change in income
 - Change in utility
141. In the long run, supply is generally:
- More elastic
 - Less elastic
 - Perfectly inelastic
 - Perfectly elastic
142. Consumer equilibrium under indifference curve approach occurs when:
- MRS equals price ratio



- b) *MRS is zero*
- c) *Income is maximum*
- d) *Price is minimum*

143. *Marginal utility is:*

- a) *Total satisfaction*
- b) *Additional satisfaction from consuming one more unit*
- c) *Average satisfaction*
- d) *Total expenditure*

144. *Total utility is:*

- a) *Additional utility*
- b) *Sum total of utilities derived from all units consumed*
- c) *Marginal cost*
- d) *Total revenue*

145. *When marginal utility is zero, total utility is:*

- a) *Minimum*
- b) *Increasing*
- c) *Maximum*
- d) *Negative*

146. *When marginal utility is negative, total utility:*

- a) *Increases*
- b) *Decreases*



- c) *Remains constant*
- d) *Becomes zero*

147. *A shift in demand curve occurs due to:*

- a) *Change in price of the good*
- b) *Change in income*
- c) *Change in quantity demanded*
- d) *Change in supply*

148. *Contraction of demand is due to:*

- a) *Fall in price*
- b) *Rise in price*
- c) *Increase in income*
- d) *Change in taste*

149. *Increase in supply means:*

- a) *Upward movement along supply curve*
- b) *Downward movement along supply curve*
- c) *Rightward shift of supply curve*
- d) *Leftward shift of supply curve*

150. *Decrease in supply means:*

- a) *Rightward shift*
- b) *Leftward shift*
- c) *Upward movement*
- d) *Downward movement*

151. Equilibrium price is determined by:
- a) Demand only
 - b) Supply only
 - c) Interaction of demand and supply
 - d) Government
152. Excess demand leads to:
- a) Fall in price
 - b) Rise in price
 - c) No change
 - d) Decrease in demand
153. The demand for salt is inelastic, because (MQP June 25-2)
- a) of low price
 - b) absence of it makes food tasteless
 - c) no substitutes
 - d) all the three
154. All factor of production become variable in - (MQP June 25-2)
- a) Long - run
 - b) Short - run
 - c) Medium - run
 - d) None of the above
155. Deductive method is also called (MQP June 25-2)
- a) Prior method



- b) *Abstract Method*
- c) *Analytical Method*
- d) *All the above*

156. *How many stages are there in the Law of Variable Proportions? (MQP June 25-2)*

- a) *2*
- b) *5*
- c) *3*
- d) *4*

157. *In the case of inferior goods, the consumer (MQP June 25-2)*

- a) *Purchases less with decrease in income*
- b) *Purchases less with increase in price*
- c) *Purchases more with increase in income*
- d) *Purchases more with decrease in price*

158. *If the Marginal product of labour is below the Average product of Labour, it must be true that (MQP June 25-2)*

- a) *The Marginal product of Labour is negative*
- b) *The Marginal Product of Labour is Zero*
- c) *The Average product of Labour is negative*
- d) *The Marginal Product of Labour is falling*

159. *TV Crises with increasing rate when law of is in operation (MQP June 25-2)*

- a) *Diminishing returns*
- b) *Increasing returns*



- c) *Constant returns*
- d) *Any of the above three*

160. *Due to the operation of Laws of return to scale LAC curve is (MQP June 25-2)*

- a) *Downward sloping*
- b) *U-shaped*
- c) *Upward sloping*
- d) *Vertical*

161. *Which degree of price discrimination is also known as Block Pricing? (MQP June 25-2)*

- a) *Third-Degree Price Discrimination*
- b) *First-Degree Price Discrimination*
- c) *Second-Degree Price Discrimination*
- d) *Fourth-Degree Price Discrimination*

162. *Price is established at the point where supply and demand are equal. (MQP June 25-2)*

- a) *Equilibrium*
- b) *Monopoly*
- c) *Reserve*
- d) *Market*

163. *In the short run if the price is above the average total cost in a monopolistic competitive market, the firm makes (MQP June 25-2)*

- a) Profits and new firms join the market
- b) Profit and bar entry to new firms
- c) Makes losses and exit the market
- d) Quick profit and disappears

164. The more the world is, the more and faster things change. (MQP June 25-2)

- a) Volatile
- b) Predictable
- c) Complex
- d) Stable

165. The "minimax rule" was put forward by ? (MQP June 25-2)

- a) John von Neumann
- b) Adam Smith
- c) Milton Friedman
- d) Kenneth Arrow

166. What is the correct condition in an economy as per the macroeconomic model discussed?
(MQP June 25-1)

- a) $C + S = I$
- b) $S = I$
- c) $C = I$
- d) $Y = C + S$

167. Suppose the total cost of production of commodity x is 1,25,000. Out of this implicit cost is 35,000 & normal profit is 25,000. Then the explicit cost is (MQP June 25-1)



- a) 65,000
- b) 90,000
- c) 1,00,000
- d) 55,000

168. If the price of burger rises from 12 per piece to 20 per piece as a result of which the daily sales decrease from 300 to 200 pieces per day. The price elasticity of demand can be estimated as: (MQP June 25-1)

- a) 0.5
- b) 0.8
- c) 0.25
- d) 2.10

169. LAC curve is also known as: (MQP June 25-1)

- a) Supply curve
- b) Marginal cost curve
- c) Demand curve
- d) Planning curve

170. What does "Y" represent in the equilibrium equation $Y = C + I$? (MQP June 25-1)

- a) Consumption demand
- b) National income (or output)
- c) Investment demand
- d) Savings

171.

172. At the point of Inflection, TP will generally- (MQP June 25-1)

- a) Equal to Zero
- b) Show increases trend
- c) Show decreasing or increasing trends
- d) be negative

173. The supply function of a product y is given by: $S_y = 4P_y + 5$. Where P_y stands for the price of the product. What is the quantity supplied when the price is ₹3? (MQP June 25-1)

- a) 14
- b) 20
- c) 17
- d) 19

174. If the price elasticity of demand for wine is estimated to be -6 , then a 20% increase in price of wine will lead to in quantity demanded of wine at that price (MQP June 25-1)

- a) 19.6% increase
- b) 12% decrease
- c) 20.6% decrease
- d) 12% increase

175. According to Adam Smith invisible hands are also called (MQP June 25-1)

- a) Price mechanism
- b) Demand-supply equilibrium



- c) *Self-regulating market system*
- d) *Competitive market forces*

176. *The micro business environment does not include (MQP June 25-1)*

- a) *Economy*
- b) *Firms and consumers*
- c) *market and competitors*
- d) *both(B) and (C)*

177. *Porter's Five Forces Model does not include (MQP June 25-1)*

- a) *Rival sellers*
- b) *Substitute products*
- c) *Bargaining power of suppliers*
- d) *Bargaining power of employees*

177. *If the price of burger rises from 12 per piece to 20 per piece as a result of which the daily sales decrease from 300 to 200 pieces per day. The price elasticity of demand can be estimated as: (MQP June 24)*

- a) *0.5*
- b) *0.8*
- c) *0.25*
- d) *2.1*

178. *An increase in price will result in an increase in total revenue if (MQP June 24)*

- a) *percentage change in quantity demanded is greater than the percentage change in price*
- b) *percentage change in quantity demanded is less than the percentage change in price*



- c) *percentage change in quantity demanded is equal to the percentage change in price*
- d) *none*

179. *Which of these will have highly inelastic supply? (MQP June 24)*

- a) *perishable goods*
- b) *consumer durables goods*
- c) *Items of elite class consumption*
- d) *All the three*

180. *Variable factor means those factors of production (MQP June 24)*

- a) *Which can be only changed in the long run?*
- b) *Which can be changed in the short run?*
- c) *Which can be never be changed*
- d) *Both (a) & (b) correct*

181. *Why does the Law of Increasing Returns operate? (MQP June 24)*

- a) *Full use of Fixed Indivisible Factors.*
- b) *Efficiency of Variable Factors*
- c) *Need to reach the right combination*
- d) *All of the above*

182. *Socialistic nature of an economy means (MQP June 24)*

- a) *income and wealth are owned by the capitalists*
- b) *income and wealth are owned by the labour class*
- c) *income and wealth are owned by the state and public*
- d) *All*

183. The labour surplus is the difference between value of output minus (MQP June 24)

- a) Values of materials used
- b) Values of fixed land used
- c) Values of capital used
- d) none

184. Profit is the difference between..... (MQP June 24)

- a) Total cost and total revenue
- b) Total revenue and total cost
- c) both A & B
- d) None

185. Normative Economic theory deals with (MQP Dec 25-2)

- a) What to produce
- b) How to produce
- c) Whom to produce
- d) How the problem should be solved

186. Luxury goods have degree of elasticity. (MQP Dec 25-2)

- a) High
- b) low
- c) Moderate
- d) none

187. Identify the correct statement. (MQP Dec 25-2)



- a) Average product is at its maximum when Marginal Product is equal to Average Product.
- b) Law of Increasing Returns to Scale relates to the effect of changes in factor proportions
- c) Economies of Scale arise only because of invisibilities of factor proportions.
- d) Internal Economies of scale can accrue only to the exporting sector.

188. Normative Economic theory deals with (MQP Dec 25-2)

- a) What to produce
- b) How to produce
- c) Whom to produce
- d) How the problem should be solved

189. Which of the following is not a factor in market supply of a product? (MQP Dec 25-2)

- a) cost of production
- b) number of buyers
- c) market price of the product
- d) price of related products

190. Micro Economics theory deals with. (MQP Dec 25-2)

- a) Economy as a whole
- b) Individual units
- c) Economic growth
- d) all the above



191. If the price elasticity of demand for wine is estimated to be -6 , then a 20% increase in price of wine will lead to in quantity demanded of wine at that price (MQP Dec 25-2)
- a) 12% increase
 - b) 12% decrease
 - c) 19.6% increase
 - d) 20.6% decrease
192. If the price of burger rises from ₹12 per piece to ₹ 20 per piece as a result of which the daily sales decrease from 300 to 200 pieces per day. The price elasticity of demand can be estimated as: (MQP Dec 25-2)
- a) 0.5
 - b) 0.8
 - c) 0.25
 - d) 2.10
193. Porter's Five Forces Model does not include (MQP Dec 25-2)
- a) Rival sellers
 - b) substitute products
 - c) Bargaining power of employees
 - d) bargaining power of suppliers

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

Question	Correct Option						
101	c	126	b	151	c	176	d
102	b	127	c	152	b	177	b
103	b	128	a	153	d	178	b
104	c	129	c	154	a	179	b
105	c	130	a	155	d	180	b
106	b	131	b	156	c	181	d
107	c	132	b	157	a	182	c
108	c	133	b	158	d	183	a
109	c	134	b	159	a	184	b
108	b	135	b	160	b	185	d
111	b	136	a	161	c	186	a
112	b	137	b	162	a	187	a
113	a	138	b	163	a	188	d
114	b	139	b	164	a	189	b
115	a	140	a	165	a	190	b
116	b	141	a	166	b	191	b
117	c	142	a	167	a	192	b
118	b	143	b	168	b	193	c
119	b	144	b	169	d		
120	b	145	c	170	b		
121	b	146	b	171	c		
122	b	147	b	172	c		
123	b	148	b	173	b		
124	b	149	c	174	c		
125	b	150	b	175	a		

CHAPTER 2 - FORMS OF MARKET

1. Which of the following is/are an essential feature of the market

- a) Buyers
- b) Sellers
- c) Price
- d) All the three

2. In the long run price is governed by

- a) Cost of Production
- b) Demand supply forces
- c) Marginal utility
- d) None

3. In the long run a firm in perfect competition earns

- a) Normal profit only
- b) Abnormal profit
- c) Average profit of past five years
- d) 12.33% profits on capital employed

4. A firm faces the shut down situation when

- a) Price is less than average variable cost
- b) Price is more than the average variable cost
- c) Price is equal to fixed cost
- d) Price is more than the average fixed cost

5. A firm that makes profit in excess of normal profit is earning
- a) Economic profit
 - b) Costing profit
 - c) Normal profit
 - d) Super normal profit
6. The market state that satisfy all the essential features of a perfect competitive market except identity of product is known as
- a) Oligopoly
 - b) Duopoly
 - c) Monopoly
 - d) Monopolistic competition
7. In the short run if the price is above the average total cost in a monopolistic competitive market, the firm makes
- a) Profits and new firms join the market
 - b) Profit and bar entry to new firms
 - c) Makes losses and exit the market
 - d) Quick profit and disappears
8. Which of these is associated with a monopolistic competitive market -
- a) Product differentiation
 - b) Homogeneous Product
 - c) Normal in short run
 - d) Single buyer

9. In a competitive market is the price maker
- a) Firm
 - b) Industry
 - c) Consumer
 - d) Trade association
10. A Monopoly demand curve is
- a) Same as its average revenue curve
 - b) Same as its supply curve
11. Which is the first order condition for the profit of a firm be maximum?
- a) $AC=MR$
 - b) $MC=MR$
 - c) $MR = AR$
 - d) $AC= AR$
12. The AR curve and industry demand curve are identical
- a) In case of monopoly
 - b) In case of oligopoly
 - c) In case of monopolistic competition
 - d) In case of perfect competition
13. OPEC is an example of
- a) Perfect competition
 - b) Monopolistic competition
 - c) Monopoly



d) *Cartel*

14. *Means absence of competition*

a) *Perfect Competition*

b) *Monopoly*

c) *Imperfect Competition*

d) *Discrimination*

15. *In the long-run, a firm in perfect competition earns*

a) *Normal Profit only*

b) *Abnormal profit*

c) *Average profit of past 5 years*

d) *12.33 percent, profit on capital employed*

16. *Oligopoly means*

a) *Single seller*

b) *Few sellers*

c) *Large numbers of sellers*

d) *No buyers*

17. *Penetration Pricing is adopted by following a*

a) *Low Price*

b) *High Price*

c) *Dual Price*

d) *Support Price*

18. On the basis of area, markets are classified into _____ types
- a) 2
 - b) 3
 - c) 4
 - d) 5
19. Which of the following does not characterize monopolistic competition?
- a) Product differentiation
 - b) Many producers
 - c) Absence of advertising
 - d) Partial control over price
20. Pricing for selling the same commodity at different selling prices is known as
- a) Skimming Pricing
 - b) Differential Pricing
 - c) Penetration Pricing
 - d) Cost-plus Pricing
21. In perfect competition, firm is:
- a) Price maker
 - b) Price taker
 - c) Monopoly
 - d) Cartel
22. Monopoly is a market with:

- a) Many buyers and sellers
- b) Single seller
- c) Two sellers
- d) Many sellers

23. Law of supply states that:

- a) Price and supply move in opposite direction
- b) Price and supply move in same direction
- c) Supply is constant
- d) Demand determines supply

24. Oligopoly is a market with:

- a) Many sellers
- b) Single seller
- c) Few sellers
- d) No seller

25. Price discrimination is possible in:

- a) Perfect competition
- b) Monopoly
- c) Perfect market
- d) Public goods

26. Aggregate demand consists of:

- a) Consumption only
- b) Investment only



- c) Consumption, Investment, Government expenditure and Net exports
- d) Net exports only

27. Aggregate supply refers to:

- a) Supply of individual firm
- b) Supply of one commodity
- c) Total output supplied in the economy
- d) Supply of labour only

28. Tariff is a

- a) Subsidy
- b) Tax on imports
- c) Tax on exports
- d) Quota

29. Perfect competition requires:

- a) Few sellers
- b) Product differentiation
- c) Free entry and exit
- d) Price discrimination

30. Monopolistic competition is characterized by:

- a) Homogeneous product
- b) Single seller
- c) Product differentiation
- d) No competition

31. Perfect competition and monopolistic competition are having a common assumption. Find out which one of the following is the appropriate common assumption. (MQP June 25-2)
- a) The product is homogeneous
 - b) Perfect knowledge
 - c) Existence of selling cost
 - d) Free entry and free exit
32. A firm that makes profit in excess of normal profit is earning (MQP June 25-2)
- a) Super normal profit
 - b) Normal profit
 - c) Costing profit
 - d) Economic profit
33. Which of the following does not characterize monopolistic competition? (MQP June 25-2)
- a) Product differentiation
 - b) Many producers
 - c) Absence of advertising
 - d) Partial control over price
34. Price rigidity is the feature of which market? (MQP June 25-2)
- a) Monopoly
 - b) Oligopoly
 - c) Monopolistic Competition
 - d) Perfect Competition



35. The demand for monopoly product is elastic (MQP June 25-2)

- a) Perfectly
- b) Less
- c) More
- d) Unitary

36. Penetration Pricing is adopted by following a (MQP June 25-2)

- a) Dual Price
- b) Support Price
- c) High Price
- d) Low Price

37. Kinked demand curve is associated with:

- a) Perfect competition
- b) Monopoly
- c) Oligopoly
- d) Monopsony

38. Means absence of competition (MQP June 25-2)

- a) Perfect Competition
- b) Monopoly
- c) Imperfect Competition
- d) Discrimination

39. What pricing strategy involves setting a low price to attract customers and gain market share, with plans to raise the price later once the market share is secured? (MQP June 25-1)
- a) Price skimming
 - b) Penetration pricing
 - c) Dynamic pricing
 - d) Competitive pricing
40. In a Collusive Oligopoly, firms form a cartel to: (MQP June 25-1)
- a) Fix the price and output to maximize joint profit
 - b) Increase market share by undercutting each other's prices
 - c) Engage in non-price competition to attract consumers
 - d) Compete aggressively and lower prices
41. Which type of market does a firm typically have excess production capacity in the long run? (MQP June 25-1)
- a) Perfect competition
 - b) Monopoly
 - c) Monopolistic competition
 - d) Oligopoly
42. In which market structure do firms have no control over the price and are considered price takers? (MQP June 25-1)
- a) Monopoly
 - b) Oligopoly

c) Monopolistic Competition

d) Perfect Competition

43. What are the two key conditions that a firm in a monopolistic market must satisfy to reach equilibrium? (MQP June 25-1)

a) Marginal Cost = Marginal Revenue and Average Cost = Marginal Revenue

b) Marginal Cost = Marginal Revenue and MC curve cuts MR curve from below

c) Marginal Cost = Marginal Revenue and MC curve cuts MR curve from above

d) Marginal Cost = Average Revenue and MC curve cuts MR curve from below

44. In the Bertrand Duopoly Model, each producer can always lower the price until: (MQP June 25-1)

a) Price is equal to the competitive price

b) Price is equal to the cost of production

c) Price is higher than the rival's price

d) Price is equal to the monopoly price

45. Which is the first order condition for the profit of a firm be maximum? (MQP June 25-1)

a) $AC = MR$

b) $AC = AR$

c) $MR = AR$

d) $MC = MR$

46. Automobile industry, Gas industry is an example of market (MQP June 25-1)

- a) Perfect competition
- b) Monopoly
- c) Oligopoly
- d) Monopolistic competition

47. Price discrimination of degree is based on the paying capacity of the consumer. (MQP June 25-1)

- a) First degree
- b) Second degree
- c) Third degree
- d) Fourth degree

48. Cost push inflation arises due to (MQP June 25-1)

- a) Increase in price of precious metal
- b) Mismatch between demand and supply of commodities
- c) Combine phenomena of demand pull and cost-push inflation.
- d) Persist entries in factor cost

49. Which of the following is/are an essential feature of the market : (MQP June 24)

- a) Buyers
- b) Sellers
- c) Price
- d) All the three

50. In the long run price is governed by (MQP June 24)

- a) Cost of Production
- b) Demand supply forces
- c) Marginal utility
- d) None

51. In the long run a firm in perfect competition earns : (MQP June 24)

- a) Normal profit only
- b) Abnormal profit
- c) Average profit of past five years
- d) 12.33% profits on capital employed

52. A firm that makes profit in excess of normal profit is earning (MQP June 24)

- a) Economic profit
- b) Costing profit
- c) Normal profit
- d) Super normal profit

53. The market state that satisfy all the essential features of a perfect competitive market except identity of product is known as : (MQP June 24)

- a) Oligopoly
- b) Duopoly
- c) Monopoly
- d) Monopolistic competition

54. Which of these is associated with a monopolistic competitive market - (MQP June 24)

- a) Product differentiation
- b) Homogeneous Product
- c) Normal in short run
- d) Single buyer

55. A Monopoly demand curve is : (MQP June 24)

- a) Same as its average revenue curve
- b) Same as its supply curve
- c) Same as marginal cost curve
- d) None of these

56. Penetration pricing means : (MQP June 24)

- a) price will reduced after gaining market share
- b) reduce price when loosing market share
- c) price will be raised later after gaining market share
- d) None of these

57. In monopoly market there is : (MQP June 24)

- a) A single firm ,single product
- b) A single firm, many substitute identical product
- c) A single product , many firm
- d) None of the above

58. the concept of monopolistic competition market was introduced by : (MQP June 24)

- a) Alfred Marshall
- b) Prof. Chamberlin

- c) Karl Marx
- d) John Rabinson

59. In the long run a firm in perfect competition earns (MQP Dec 25-2)

- a) Normal profit only
- b) Abnormal profit
- c) Average profit of past five years
- d) 12.33% profits on capital employed

60. A firm faces the shut down situation when (MQP Dec 25-2)

- a) Price is less than average variable cost
- b) Price is more than the average variable cost
- c) Price is equal to fixed cost
- d) Price is more than the average fixed cost

61. Pricing for selling the same commodity at different selling prices is known as (MQP Dec 25-2)

- a) Skimming Pricing
- b) Differential Pricing
- c) Penetration Pricing
- d) Cost-plus Pricing

62. In which form of market do firms offer differentiated products but face low barriers to entry? (MQP Dec 25-2)

- a) Perfect Competition
- b) Monopolistic Competition

- c) Oligopoly
- d) Monopoly

63. On the basis of area, markets are classified into types (MQP Dec 25-2)

- a) 2
- b) 3
- c) 4
- d) 5

64. Penetration Pricing is adopted by following a (MQP Dec 25-2)

- a) Low Price
- b) High Price
- c) Dual Price
- d) Support Price

65. In which form of market does a firm operate as a price taker? (MQP Dec 25-2)

- a) Monopoly
- b) Oligopoly
- c) Monopolistic Competition
- d) Perfect Competition

66. A market structure characterized by a single seller with no close substitutes is known as: (MQP Dec 25-2)

- a) Perfect Competition
- b) Monopoly



c) Monopolistic Competition

d) Oligopoly

67. A few interdependent firms dominate the market and often avoid price competition due to mutual reaction. What form is this? (MQP Dec 25-2)

a) Monopoly

b) Oligopoly

c) Monopolistic Competition

d) Perfect Competition

68. A market dominated by exactly two firms is known as: (MQP Dec 25-2)

a) Monopoly

b) Oligopoly

c) Duopoly

d) Monopsony

69. Under perfect competition, what happens to the demand curve for an individual firm? (MQP Dec 25-2)

a) Downward sloping

b) Perfectly elastic (horizontal)

c) Vertical

d) Unitary elastic

70. Which market type allows sustained supernormal profits even in the long run? (MQP Dec 25-2)

- a) Monopoly
- b) Oligopoly
- c) Monopolistic Competition
- d) Perfect Competition

Question	Correct Option	Question	Correct Option	Question	Correct Option
1	d	26	c	51	a
2	a	27	c	52	d
3	a	28	b	53	d
4	a	29	c	54	a
5	d	30	c	55	a
6	d	31	d	56	c
7	a	32	a	57	a
8	a	33	c	58	b
9	b	34	b	59	a
10	a	35	b	60	a
11	b	36	d	61	b
12	d	37	c	62	b
13	d	38	b	63	a
14	b	39	b	64	a
15	a	40	a	65	d
16	b	41	c	66	b
17	a	42	d	67	b
18	a	43	b	68	c
19	c	44	b	69	b
20	b	45	d	70	a
21	b	46	c		
22	b	47	a		
23	b	48	b		
24	c	49	d		
25	b	50	a		

CHAPTER 3 - MONEY AND BANKING

1. Which of the following is near money?

- a) Bill of exchange
- b) Saving bonds
- c) Gilt edged securities
- d) All the three

2. Optional money is a:

- a) Legal tender money
- b) Non-legal tender money
- c) Limited legal tender money
- d) Full bodied money

3. Which of the following function does money serve when used to measure the prices of different goods and services?

- a) Store of value
- b) Medium of exchange
- c) Standard of value
- d) Display of power

4. Which of these affects the demand for money?

- a) Real income
- b) Price level
- c) Rate of interest
- d) Both (a) and (c)

5. Which of these would lead to fall in demand for money?

- a) Inflation
- b) Increase in real income
- c) Increase in real rate of interest
- d) Increase in wealth

6. Supply of money refers to

- a) Total money held by the public
- b) Total money held by RBI
- c) Total money with all the commercial banks and RBI
- d) Total money in Government account

7. Which is the apex bank for agricultural credit in India?

- a) RBI
- b) SIDBI
- c) NABARD
- d) IDBI

8. RBI check inflation by

- a) Increasing bank rate
- b) Increasing CRR
- c) Both
- d) None

9. If the country is passing through recession, the RBI would

- a) Buy bonds



- b) Reduce CRR
c) Ease out bank rate
d) All or any of the above three
10. Manipulation in CRR enables the RBI to
- a) Influence the lending ability of the commercial banks
b) Check unemployment growth
c) Check poverty
d) Increase GDP
11. EXIM Bank is authorized to raise loan from
- a) RBI
b) Government of India
c) International market
d) Trading activities
12. RBI was nationalized in
- a) June 1947
b) Jan. 1949
c) March 1954
d) April 1936
13. FERA has been replaced by
- a) FINA
b) FEMA
c) FENA



d) MRTTP

14. Repo transaction means

- a) Sale of securities by the holder to the investor with the agreement to purchase them at a predetermined rate and date.
- b) Sale of securities by the holder to the investor with the agreement to resell them at a predetermined rate and date.
- c) Sale and purchase of securities by the holder to the investor with the agreement to purchase them at the prevailing rate and date
- d) Sale of securities by the holder to the investor with the agreement to purchase them at market driven rate.

15. Reverse Repo transaction means

- a) Sale of securities by the holder to the investor with the agreement to purchase them at a predetermined rate and date
- b) Sale or purchase of securities by the holder to the investor with the commitment to sell or purchase them at a predetermined rate and date
- c) Sale and purchase of securities by the holder to the investor with the agreement to purchase them at the prevailing rate and date
- d) Sale of securities by the holder to the investor with the agreement to purchase them at market driven rate

16. Given a reserve ratio of 20% in initial deposit of ₹1000 in a banking system would create secondary deposit of ₹.....

- a) ₹ 3,000
- b) ₹ 5,000

- c) ₹ 4,000
- d) ₹ 6,000

17. Money market deals with the

- a) Short term credit
- b) Long term credit
- c) both A & B
- d) None

18. Money market includes

- a) Government securities
- b) treasury bill
- c) bills of exchange
- d) All the above

19. In Indian money market, who are the main borrowers of short term funds

- a) central government
- b) State government
- c) local bodies
- d) All the above

20. Money market is controlled by

- a) Government
- b) R.B.I
- c) S.B.I
- d) all the above

21. In April 1999 the government of India introduced the bills for the period of
- a) 91 days
 - b) 182 days
 - c) 364 days
 - d) None
22. In call money market funds are borrowed of rent without any security for the period of...
- a) one day
 - b) 14 days
 - c) a & b
 - d) NONE
23. If buyer of the goods is called
- a) Drawer
 - b) drawee
 - c) payee
 - d) none
24. Certificate of deposits are issued by the banks to
- a) individual
 - b) companies
 - c) P.S.U.S
 - d) All the above
25. Which are unsecured promissory notes

- a) Commercial paper
- b) Certificate of deposits
- c) Treasury bills
- d) all the above

26. Commercial banks provide collateral loans against

- a) bonds
- b) govt. security
- c) both A & B
- d) None

27. Cost push inflation arises due to

- a) Persist entries in factor cost
- b) Mismatch between demand and supply of commodities
- c) Combine phenomena of demand pull and cost-push inflation.
- d) Increase in price of precious metal

28. Which of these is one of the causes of inflation?

- a) Increase in public expenditure
- b) Deficit financing
- c) Increase in administrative prices
- d) All the three

29. Deficit financing means

- a) Financing budgetary deficit by borrowing
- b) Financing budgetary deficit by printing money

c) Both

d) None

30. Inflationary conditions may co-exist with which of the following situation

a) Increase in factor cost

b) Increase in employment opportunities

c) Growth in GDP and exports

d) All the three

31. Monetary policy is controlled by:

a) Government

b) Parliament

c) Central Bank

d) Commercial banks

32. EXIM Bank is authorized to raise loan from (MQP June 25-2)

a) RBI

b) Trading activities

c) International market

d) Government of India

33. In India, the Central Bank was established in . (MQP June 25-2)

a) 1937

b) 1935

c) 1940

d) 1942

34. SIDBI is a subsidiary bank of (MQP June 25-2)

- a) Reserve Bank of India
- b) State Bank of India
- c) Industrial Development Bank of India
- d) ICICI

35. Generally, commercial bills are prepared for the period of days. (MQP June 25-2)

- a) 30
- b) 60
- c) 120
- d) 90

36. Financial market are classified into money market and capital market on the basis of (MQP June 25-2)

- a) Nature of transactions
- b) Term of credit
- c) Rate of return
- d) Geographical location

37. The relationship between money supply and price level is: (MQP June 25-2)

- a) Direct
- b) Inverse
- c) Unrelated
- d) Proportional

38. Supply of money refers to (MQP June 25-1)

- a) Total money held by RBI
- b) Total money with all the commercial banks and RBI
- c) Total money in Government account
- d) Total money held by the public

39. was established as the apex bank for industrial credit. (MQP June 25-1)

- a) State Bank of India
- b) Industrial Development Bank of India (IDBI)
- c) Development Credit Bank (DCB)
- d) Industrial Credit and Investment Corporation of India (ICICI)

40. Which of the following is NOT included in M2 money supply in India? (MQP June 25-1)

- a) MI
- b) Time liability portion of savings deposits
- c) Term deposits maturing within one year
- d) Call/term borrowings of banks

41. In the Cambridge version of the Quantity Theory of Money, what does the variable "K" represent? (MQP June 25-1)

- a) Total transactions
- b) Cash balance (part of income)
- c) Velocity of money
- d) Price level

42. A reduction in the cash reserve ratio (CRR) by the central bank will typically lead to:
(MQP June 25-1)

- a) A decrease in the money supply
- b) An increase in interest rates
- c) A decrease in bank lending
- d) An increase in the money supply

43. Reverse Repo transaction means (MQP June 25-1)

- a) Sale of securities by the holder to the investor with the agreement to purchase them at market driven rate
- b) Sale of securities by the holder to the investor with the agreement to purchase them at a predetermined rate and date
- c) Sale or purchase of securities by the holder to the investor with the commitment to sell or purchase them at a predetermined rate and date
- d) Sale and purchase of securities by the holder to the investor with the agreement to purchase them at the prevailing rate and date

44. What does SWIFT stand for? (MQP June 25-1)

- a) Society for Worldwide International Financial Transactions
- b) Society for Worldwide Inter-bank Financial Telecommunication
- c) Secure Worldwide Interbank Financial Transfers
- d) Society for World Inter-bank Financial Transactions

45. Supply of money refers to : (MQP June 24)

- a) Total money held by the public
- b) Total money held by RBI

- c) Total money with all the commercial banks and RBI
- d) Total money in Government account

46. Which is the apex bank for agricultural credit in India? (MQP June 24)

- a) RBI
- b) SIDBI
- c) NABARD
- d) IDBI

47. RBI check inflation by (MQP June 24)

- a) Increasing bank rate
- b) Increasing CRR
- c) Both
- d) None

48. Manipulation in CRR enables the RBI to (MQP June 24)

- a) Influence the lending ability of the commercial banks
- b) Check unemployment growth
- c) Check poverty
- d) Increase GDP

49. RBI was nationalized in: (MQP June 24)

- a) June 1947
- b) Jan. 1949
- c) March 1954
- d) April 1936

50. Repo transaction means : (MQP June 24)

- a) Sale of securities by the holder to the investor with the agreement to purchase them at a predetermined rate and date
- b) Sale of securities by the holder to the investor with the agreement to resell them at a predetermined rate and date.
- c) Sale and purchase of securities by the holder to the investor with the agreement to purchase them at the prevailing rate and date
- d) Sale of securities by the holder to the investor with the agreement to purchase them at market driven rate.

51. Commercial banks provide collateral loans against (MQP June 24)

- a) bonds
- b) govt. security
- c) both A & B
- d) None

52. In call money market funds are borrowed of rent without any security for the period of... (MQP June 24)

- a) one day
- b) 14 days
- c) a & b
- d) None

53. NPCI has been pivotal to the emergence of the digital payment ecosystem in India.
NPCI stands for: (MQP June 24)



- a) National Payments Corporation of India
- b) National Public Corporation of India
- c) National Payments Cell of India
- d) Nature Public Corporation of India

54. RBI check inflation by (MQP Dec 25-2)

- a) Increasing bank rate
- b) Increasing CRR
- c) Both
- d) None

55. Optional money is a: (MQP Dec 25-2)

- a) Legal tender money
- b) Non-legal tender money
- c) Limited legal tender money
- d) Full bodied money

56. RBI was nationalized in: (MQP Dec 25-2)

- a) June 1947
- b) Jan. 1949
- c) March 1954
- d) April 1936

57. FERA has been replaced by: (MQP Dec 25-2)

- a) FINA
- b) FEMA



- c) FENA
- d) MRTP

58. Money market is controlled by (MQP Dec 25-2)

- a) Government
- b) R. B. I
- c) S. B. I
- d) all the above

59. Inflation refers to:

- a) Fall in price level
- b) Rise in price level
- c) Stability in prices
- d) Fall in income

60. Deflation refers to:

- a) Rise in price level
- b) Fall in price level
- c) Increase in money supply
- d) Increase in demand

61. Money is primarily a:

- a) Store of value
- b) Medium of exchange
- c) Unit of account
- d) Standard of deferred payment

62. Demand for money for transaction motive is related to:

- a) Rate of interest
- b) Level of income
- c) Speculation
- d) Inflation

63. Central Bank of India is:

- a) State Bank of India
- b) Reserve Bank of India
- c) NABARD
- d) ICICI Bank

64. Repo rate is the rate at which:

- a) Banks lend to customers
- b) RBI lends to commercial banks
- c) Banks lend to RBI
- d) Government lends to banks

65. Fiscal policy is related to:

- a) Money supply
- b) Bank credit
- c) Government revenue and expenditure
- d) Interest rate

66. Budget deficit occurs when:



- a) Revenue exceeds expenditure
- b) Expenditure exceeds revenue
- c) Revenue equals expenditure
- d) Exports exceed imports

67. Balance of Trade is the difference between:

- a) Exports and imports of goods
- b) Exports and imports of services
- c) Capital inflow and outflow
- d) Government revenue and expenditure

68. Balance of Payments includes:

- a) Only trade in goods
- b) Only capital transactions
- c) Both current and capital account transactions
- d) Only services

69. Exchange rate is:

- a) Rate of interest
- b) Rate at which one currency is exchanged for another
- c) Inflation rate
- d) Tax rate

70. Devaluation means:

- a) Increase in value of currency
- b) Decrease in value of currency



- c) Stable exchange rate
- d) Free floating rate

71. Cash Reserve Ratio (CRR) is:

- a) Reserve kept with public
- b) Reserve kept with RBI
- c) Loan given to RBI
- d) Capital of bank

72. Statutory Liquidity Ratio (SLR) is:

- a) Reserve in the form of liquid assets
- b) Cash kept at home
- c) Loan to government
- d) Foreign exchange reserve

73. Open market operations refer to:

- a) Sale and purchase of goods
- b) Sale and purchase of securities by RBI
- c) Foreign trade
- d) Public borrowing

74. Credit creation is done by:

- a) Central Bank only
- b) Commercial banks
- c) Government
- d) RBI only

75. Inflation caused by excess demand is called:

- a) Cost-push inflation
- b) Demand-pull inflation
- c) Structural inflation
- d) Hyperinflation

76. Primary deficit is:

- a) Fiscal deficit minus interest payments
- b) Revenue deficit minus capital expenditure
- c) Budget deficit minus revenue deficit
- d) Fiscal deficit plus interest payments

77. Inflation caused by rise in cost of production is called:

- a) Demand-pull inflation
- b) Cost-push inflation
- c) Deflation
- d) Stagflation

78. Hyperinflation refers to:

- a) Mild increase in prices
- b) Rapid and uncontrollable rise in prices
- c) Fall in price level
- d) Stable prices

79. Foreign Direct Investment (FDI) refers to:



- a) Investment in domestic market
- b) Investment by foreign company in domestic country
- c) Export promotion
- d) Foreign aid

80. Fiat money gets its value from: (MQP June 25-2)

- a) Physical commodities like gold or silver
- b) Market demand and supply
- c) The cost of production of coins and bills
- d) A government order declaring it as legal tender

81. According to Gresham's Law, which of the following occurs? (MQP June 25-2)

- a) Good money drives bad money out of circulation.
- b) Bad money drives good money out of circulation.
- c) Both good and bad money circulate equally.
- d) People prefer to hold paper money over metal money.

82. The first State Financial Corporation (SFC) was established in 1953 in which state?
(MQP June 25-2)

- a) Maharashtra
- b) Tamil Nadu
- c) Punjab
- d) Uttar Pradesh

83. SDRs are often referred to as: (MQP June 25-2)



- a) Paper money
- b) Digital currency
- c) Paper gold
- d) Reserve assets

84. Public expenditure comes under the policy. (MQP June 25-2)

- a) Fiscal
- b) Monetary
- c) Trade
- d) Supply - side

85. has been pivotal to the emergence of the digital payment economic system in India
(MQP June 25-2)

- a) RBI
- b) SEBI
- c) NPCI
- d) NABARD

86. Which of the following is considered as broad money in India? (MQP June 25-1)

- a) M1
- b) M2
- c) M3
- d) M4

87. When was the International Development Association (IDA) established? (MQP June 25-1)

- a) 1945
- b) 1950
- c) 1960
- d) 1975

88. Optional money is a: (MQP June 24)

- a) Legal tender money
- b) Non-legal tender money
- c) Limited legal tender money
- d) Full bodied money

89. Which of the following function does money serve when used to measure the prices of different goods and services? (MQP June 24)

- a) Store of value
- b) Medium of exchange
- c) Standard of value
- d) Display of power

90. Given a reserve ratio of 20% in initial deposit of ₹1000 in a banking system would create secondary deposit of ₹ (MQP Dec 25-2)

- a) ₹ 3,000
- b) ₹ 5,000
- c) ₹ 4,000
- d) ₹ 6,000

91. In April 1999 the government of India introduced the bills for the period of (MQP Dec 25-2)
- a) 91 days
 - b) 182 days
 - c) 364 days
 - d) None
92. Which of the following function does money serve when used to measure the prices of different goods and services? (MQP Dec 25-2)
- a) Store of value
 - b) Medium of exchange
 - c) Standard of value
 - d) Display of power

Question	Correct Option						
1	d	26	c	51	c	76	a
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3	c	28	d	53	a	78	b
4	d	29	c	54	c	79	b
5	c	30	d	55	b	80	d
6	c	31	c	56	b	81	b
7	c	32	c	57	b	82	d
8	c	33	b	58	b	83	c
9	d	34	c	59	b	84	a
10	a	35	d	60	b	85	c
11	c	36	b	61	b	86	c
12	b	37	a	62	b	87	c
13	b	38	b	63	b	88	b
14	a	39	b	64	b	89	c
15	b	40	d	65	c	90	c
16	c	41	b	66	b	91	a
17	a	42	d	67	a	92	c
18	d	43	c	68	c		
19	d	44	b	69	b		
20	b	45	c	70	b		
21	a	46	c	71	b		
22	c	47	c	72	a		
23	b	48	a	73	b		
24	d	49	b	74	b		
25	a	50	a	75	b		

CHAPTER 4 - ECONOMIC AND BUSINESS ENVIRONMENT

1. Profit is the difference between.....
 - a) Total cost and total revenue
 - b) Total revenue and total cost
 - c) both A & B
 - d) None

2. The internal business environment includes factors such as
 - a) business philosophy & business priorities
 - b) management structure
 - c) capital structure
 - d) All

3. The term 'T' in SWOT Analysis is
 - a) Transparency
 - b) Total revenue
 - c) Threat
 - d) Transaction

4. The components of micro business environment are-
 - a) Firms and consumers
 - b) Market & competitors
 - c) Organization
 - d) All

5. The term 'S' in PESTEL stands for-
- a) Strength
 - b) Socio-economic
 - c) Sustainability
 - d) None
6. The micro business environment does not include
- a) Firms and consumers
 - b) market and competitors
 - c) Economy
 - d) both(A) and (B)
7. The term PESTEL does not include
- a) Technological factors
 - b) legal factors
 - c) Economic factors
 - d) population factors
8. SWOT analysis does not include
- a) Strength
 - b) weaknesses
 - c) opinions
 - d) threats
9. Porter's Five Forces Model does not include
- a) Rival sellers

- b) substitute products
- c) Bargaining power of employees
- d) bargaining power of suppliers
10. The internal business environment includes factors like
- a) Capital structure
- b) management structure
- c) Business philosophy
- d) all of the above
11. Volatility refers to the change of
- a) Speed
- b) Volume
- c) Nature
- d) All the above
12. Uncertainty means.....
- a) Lack of mind
- b) Lock of clarity
- c) Lack of charity
- d) None
13. When a situation cannot be clearly interpreted, such situation termed as.....
- a) Volatility
- b) Uncertainty
- c) complexity

d) *Ambiguity*

14. *Which project has been introduced in Indian budget 2022, to boost up the infrastructure?*

a) *P.M Gati-Shakti*

b) *P.M.Kisan Yojana*

c) *Make in India*

d) *All the above.*

15. *Under the high _____, it is impossible to fully analyse the environment and come to rational conclusions.*

a) *Uncertainty*

b) *Complexity*

c) *Volatility*

d) *Ambiguity*

16. *A PESTEL analysis is used to identify threats and ? (MQP June 25-2)*

a) *Competitors*

b) *Weaknesses*

c) *Profit*

d) *Product*

17. *Demographic Environment of Business is mainly dependent on (MQP June 25-2)*

a) *Population size*

b) *Government policies*



- c) *Technological advancements*
- d) *Economic conditions*

18. *Which economic factor is a concern for Uber according to the PESTEL analysis? (MQP June 25-2)*

- a) *Usage of automobile fuel may increase*
- b) *To follow minimum wage rules*
- c) *Need to prevent ban on Uber*
- d) *Reasonable fare charges*

19. *What does PESTEL analysis primarily help businesses assess? (MQP June 25-1)*

- a) *External macro-environmental factors*
- b) *Company-specific product development*
- c) *Short-term economic forecasting*
- d) *Internal financial performance*

20. *Which of the following is an example of a societal factor analyzed in PESTEL? (MQP June 25-1)*

- a) *Technological disruptions in the market*
- b) *Environmental regulations*
- c) *Changing population demographics*
- d) *Taxation laws*

21. *In the VUCAFU model, what does "Volatility" primarily refer to? (MQP June 25-1)*

- a) *Stability in market trends*



- b) *The rapid and unpredictable nature of change*
- c) *Long-term economic growth*
- d) *Predictable changes in the market*

22. *How does "Ambiguity" in the VUCAFU model impact decision-making (MQP June 25-1)*

- a) *It provides clear guidelines for decisions*
- b) *It ensures predictable results*
- c) *It simplifies the decision-making process*
- d) *It leads to confusion and lack of clarity in future outcomes*

23. *What is the primary focus of the emerging dimensions of VUCAFU? (MQP June 25-1)*

- a) *Fostering global partnerships*
- b) *Addressing new complexities in the global environment*
- c) *Establishing long-term financial stability*
- d) *Focusing on traditional market trends*

24. *The term 'T' in SWOT Analysis is : (MQP June 24)*

- a) *Transparency*
- b) *Total revenue*
- c) *Threat*
- d) *Transaction*

25. *The term 'S' in PESTEL stands for- (MQP June 24)*

- a) *Strength*
- b) *Socio-economic*



- c) Sustainability
- d) None

26. Which of the following is not a component of VUCAFU? (MQP June 24)

- a) Uncertainty
- b) Ambiguity
- c) Clarity
- d) Volatility

27. In PESTEL Analysis, government policy, political stability or instability, corruption, foreign trade policy, tax policy, labour law, trade restrictions etc. are related to: (MQP June 24)

- a) Political factors
- b) Economic factors
- c) Environmental factors
- d) Legal factors

28. VUCA is an acronym, first used in : (MQP June 24)

- a) 1984
- b) 1987
- c) 1997
- d) 1992

29. The term 'T' in SWOT Analysis is (MQP Dec 25-2)

- a) Transparency
- b) Total revenue



c) Threat

d) Transaction

30. The term PESTEL does not include (MQP Dec 25-2)

a) Technological factors

b) legal factors

c) Economic factors

d) population factors

31. SWOT analysis does not include (MQP Dec 25-2)

a) Strength

b) weaknesses

c) opinions

d) threats

32. Volatility refers to the change of (MQP Dec 25-2)

a) Speed

b) Volume

c) Nature

d) All the above

33. Under the high , it is impossible to fully analyse the environment and come to rational conclusions. (MQP Dec 25-2)

a) Uncertainty

b) Complexity



- c) Volatility
- d) Ambiguity

34. The components of micro business environment are- (MQP June 24)

- a) Firms and consumers
- b) Market & competitors
- c) Organization
- d) All

35. Which project has been introduced in Indian budget 2022, to boost up the infrastructure? (MQP Dec 25-2)

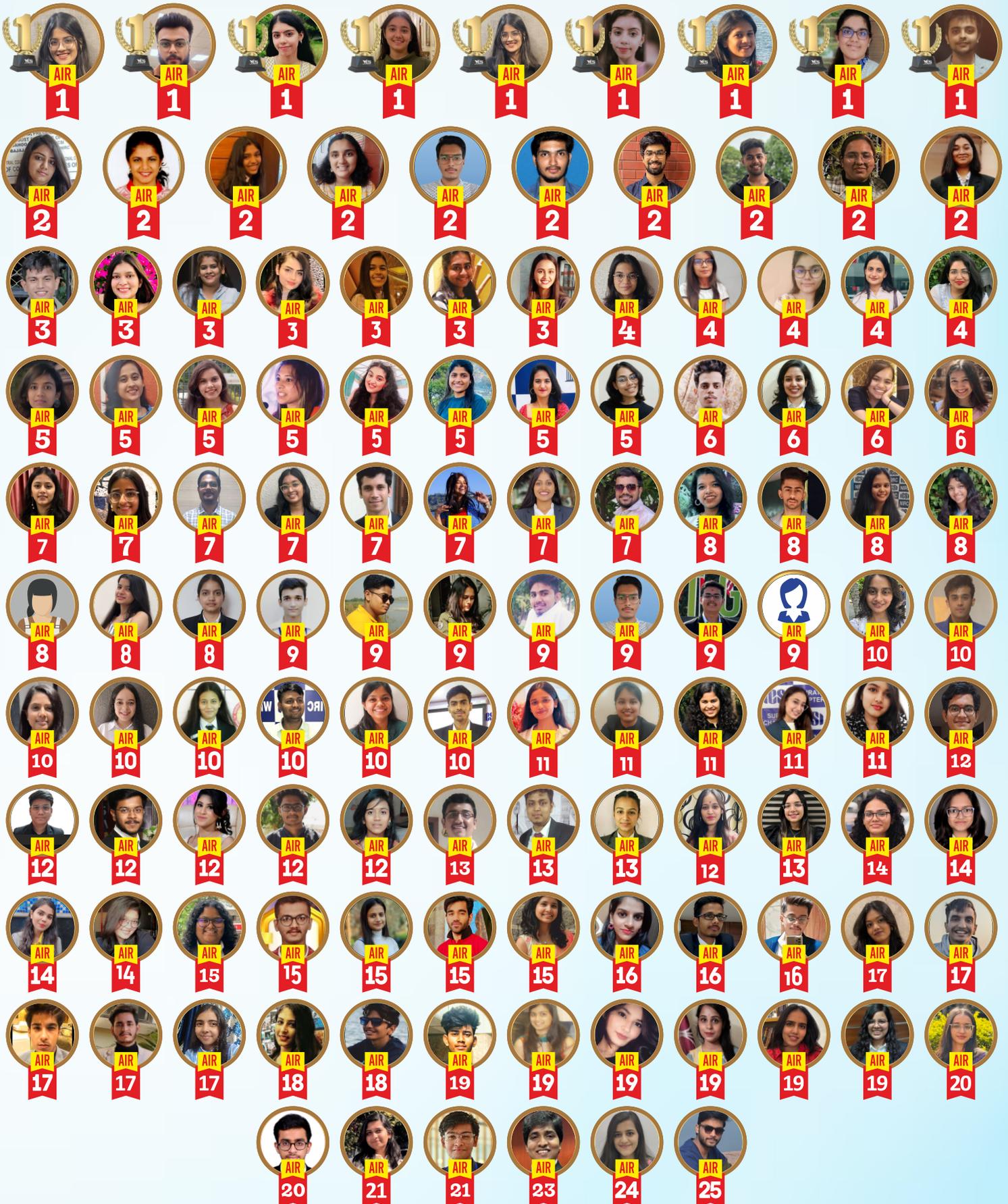
- a) P.M Gati-Shakti
- b) P.M.Kisan Yojana
- c) Make in India
- d) All the above.

Question	Correct Option	Question	Correct Option
1	b	26	c
2	d	27	a
3	c	28	b
4	d	29	c
5	c	30	d
6	c	31	c
7	d	32	d
8	c	33	b
9	c	34	d
10	d	35	a
11	d		
12	b		
13	d		
14	a		
15	b		
16	a		
17	a		
18	d		
19	a		
20	c		
21	b		
22	d		
23	b		
24	c		
25	c		



Universe of **ALL INDIA RANKERS**

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CS Vasudev Gyanchandani

As a committed professional and educator, he strongly believes that effective learning is achieved when theoretical knowledge is seamlessly integrated with practical application. His teaching philosophy focuses on building a strong understanding of corporate governance, legal compliance, and commercial awareness, enabling students to connect academic concepts with real-world practice.

With extensive experience across corporate, legal, and academic domains, he has worked with reputed organizations, including Tata Group entities and leading corporate law firms, handling a wide range of legal, secretarial, and treasury compliances. His industry exposure brings valuable practical insights into the classroom, enriching students' overall learning experience.



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