

Note : CS, CMA and CPT students are required to do only part A of this paper, CA Foundation students would do both part A and part B.

PART A 60 MARKS MICRO ECONOMICS

Q.1. Market Demand is the sum total of: -

- (a) All quantities that Producers can produce
- (b) All quantities actually sold in the market
- (c) All quantities demanded by individual households
- (d) All of the above

Q.2. The term "Ceteris Paribus" in the Law of Demand denotes-

- (a) All factors remaining constant
- (b) All factors except one remaining constant
- (c) All factors being variable
- (d) All of the above

Q.3. The total effect of a price change of a commodity is

- (a) Substitution Effect + Price Effect
- (b) Substitution Effect + Income Effect
- (c) Substitution Effect + Demonstration Effect
- (d) Substitution Effect minus Income Effect

Q.4. A movement along the Demand curve for soft drinks is best described as -

- (a) Increase in Demand
- (b) Decrease in Demand
- (c) Change in Quantity demanded
- (d) change in Demand

Q.5. Horizontal Demand curve, Parallel to X-axis indicates, that the elasticity of Demand is _____

- (a) Zero
- (b) Infinite
- (c) > 1
- (d) < 1

Q.6. The original price of commodity is Rs. 500 and quantity demanded is 20 kgs. If price rises to Rs. 750 and quantity demanded reduce to 15 kgs, price elasticity of demand is _____

1

Professor Dr. Sachin Gulati 987 12 92 555 sachingulatisir16@gmail.com
Ph.D. , M.Phil. , M.Com. , B.Com(H) 18 Years Professional Teaching Experience

.....
SPACE FOR ROUGH WORK ONLY

- (a) 0.25
- (b) 0.50
- (c) 1.00
- (d) 1.50

Q.7. For What type of goods does demand fall with rise in income levels of households?

- (a) Inferior Goods
- (b) Substitutes
- (c) Luxuries
- (d) Necessities

Q.8. On which of the following the Effective Demand for a thing depends?

- (a) Desire
- (b) Means to purchase (Ability to Buy)
- (c) Willingness to use those means
- (d) All of these

Q.9. Purchasing Power of money fall when

- (a) Price level increases
- (b) Price level decreases
- (c) Income level increases
- (d) Money supply falls

Q.10. Which of the following is not a determinant of Demand?

- (a) Price of the Commodity
- (b) Price of Related Commodities
- (c) Level of Consumers' Income
- (d) None of these

Q.11. Which of these is not a Complementary Good for Pen?

- (a) Refills
- (b) Paper
- (c) Notebooks
- (d) Wheat

Q.12. If X and Y are Complementary Goods, the price of X and the Demand of Y are -

- (a) Directly related
- (b) Inversely related
- (c) Proportionally related

(d) any of the above

Q.13. If X and Y are Substitute Goods, the price of X and the Demand of Y are -

- (a) Directly related
- (b) Inversely related
- (c) Proportionally related
- (d) Any of the above

Q.14. A Demand Curve shows-

- (a) Quantity demanded of a product at various levels of income of the Consumer.
- (b) Quantity demanded of a product, at various levels of price of the product
- (c) amount of money spent by a Consumer on a product at various levels of price
- (d) Quantity supplied of a product at various levels of price of the product.

Q. 15. Demand curve in most cases has a -

- (a) Positive slope
- (b) Negative slope
- (c) Zero slope
- (d) Infinity slope

Q.16. What is the other name given to the Demand Curve in perfectly competitive market?

- (a) Profit Curve
- (b) Average Revenue Curve
- (c) Average Cost Curve
- (d) Indifference Curve

Q.17. _____ refers to the quantity of goods or services that producers are willing and able to offer to the market at various prices during a period of time.

- (a) Demand
- (b) Supply
- (c) Stock
- (d) Sales

Q.18. Which of the following factors is not a determinant of Supply?

- (a) Government's industrial and foreign policies
- (b) Market Structure
- (c) State of Technology
- (d) Income Levels of Consumers

3

Professor Dr. Sachin Gulati 987 12 92 555 sachingulatisir16@gmail.com
Ph.D. , M.Phil. , M.Com. , B.Com(H) 18 Years Professional Teaching Experience

.....
SPACE FOR ROUGH WORK ONLY

- Q.19. Other things being equal, the supply quantity of a product is _____ related to its price.**
(a) Directly
(b) Inversely
(c) Proportionally
(d) Not at all
- Q.20. In case of failure of rains, fires, etc. the supply of agricultural commodities will -**
(a) Increase
(b) Decrease
(c) Remain Constant
(d) Become Zero
- Q.21. Generally, the Supply Curve-**
(a) Positively Sloped
(b) Negatively sloped
(c) Zero - sloped
(d) Nothing can be said
- Q.22. In Economics, a place where Buyers and Sellers meet and bargain over a commodity for a price is called-**
(a) Abroad
(b) Shop
(c) Market
(d) Exchange
- Q.23. The Market for ultimate consumers is known as _____**
(a) Whole Sale Market
(b) Retail Market
(c) Unregulated Competition
(d) Regulated Market
- Q.24. Free Entry and Exit is a characteristic feature of -**
(a) Perfect Competition
(b) Monopoly

- (c) Monopolistic Competition
- (d) Both (a) and (c)

Q.25. Short run price is also known as:

- (a) Market price
- (b) Showroom price
- (c) Maximum retail price
- (d) None of these

Q.26. Which of the following is an Oligopoly?

- (a) Mobile Industry
- (b) Cold Drink makers
- (c) Automobile makers
- (d) All of these

Q.27. Toothpaste Manufacturing Industry is an example of

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

Q.28. The conditions of firm Equilibrium, i.e. $MC = MR$, and MC cuts MR from below, is applicable for -

- (a) Perfect competition
- (b) Monopoly
- (c) Monopolistic competition
- (d) All of the above

Q.29. In which of the following market structures is the demand curve of the market is represented by the demand curve of the Firm?

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

Q.30. Which of these is not a feature of Perfect Competition?

- (a) Large Number of Buyers & Sellers
- (b) Homogenous Products
- (c) Free Entry and Exit
- (d) Preference of Consumers towards one Supplier

Q.31. Under Perfect Competition, Demand (D) =

- (a) Average Revenue (AR)
- (b) Marginal Revenue (MR)
- (c) Price (P)
- (d) All of the above

Q.32. In Perfect Competition, since the Firm is a price-taker, the ____ Curve is a Straight line.

- (a) Marginal Cost
- (b) Total Cost
- (c) Total Revenue
- (d) Marginal Revenue

Q.33. Monopolist can control only _____.

- (a) Price
- (b) Demand
- (c) Utility
- (d) Both (a) & (b)

Q.34. Which of the following is false regarding Monopoly?

- (a) Firm is a price taker
- (b) Unique product
- (c) Single Seller
- (d) None of the above

Q.35. Under which of the following forms of market structure does a firm has very considerable control over the price of its product?

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

Q.36. Objectives of price discrimination in international market is -

- (a) to capture foreign markets
- (b) to dispose of surplus stock
- (c) to earn maximum profit
- (d) all of these

Q.37. Price discrimination will not be profitable if elasticity of demand is _____ in different markets.

- (a) uniform
- (b) different
- (c) less
- (d) zero

Q.38. The price discrimination under monopoly will be possible under which of the following conditions?

- (a) The seller has no control over the supply of his product
- (b) The market has the same conditions all over
- (c) The price elasticity of demand is different in different markets
- (d) The price elasticity of demand is uniform

Q.39. Under Oligopoly, the firm's Demand Curve is -

- (a) Horizontal line, parallel to X axis
- (b) Vertical line, parallel to Y axis
- (c) Negatively Sloped
- (d) Kinked

Q.40. Which of these does not apply to Oligopoly?

- (a) A Few Sellers
- (b) Inter - dependence between Sellers
- (c) Only one Buyer
- (d) Group Behaviour between sellers

Q.41. Under Oligopoly, if one firm reduces its prices, the other Firms will generally -

- (a) reduce their prices
- (b) increase their prices
- (c) not react at all
- (d) exit the market

- Q.42. Raw Material converted into Finished Product in the manufacturing process, refers to creation of**
- (a) Form Utility
 - (b) Place Utility
 - (c) Time Utility
 - (d) Personal Utility
- Q.43. Work of Professionals like Doctors, Chartered Accountants, etc, can be considered under -**
- (a) Form utility
 - (b) Place utility
 - (c) Time utility
 - (d) Personal utility
- Q.44. As a factor of production, the Supply of land is ----- from the viewpoint of the entire economy.**
- (a) Perfectly elastic
 - (b) Relatively elastic
 - (c) Relatively inelastic
 - (d) Perfectly inelastic
- Q.45. Which of the following is not characteristic of Land?**
- (a) Its supply for the economy is limited
 - (b) It is immobile
 - (c) Its usefulness depends on human efforts
 - (d) It is produced by our forefathers
- Q.46. As a factor of Production, "Labour" is perishable. This means that --**
- (a) A day's labour lost cannot be completely recovered subsequently.
 - (b) Every human being is mortal and will have to leave this world some day or the other.
 - (c) Both (a) and (b)
 - (d) Neither (a) nor (b)
- Q.47. Labour may be classified as -**
- (a) Skilled
 - (b) Semi-skilled
 - (c) Unskilled
 - (d) All of the above

Q.48. Production Function explains the relationship between -

- (a) Maximum Output which can be produced from given units of different inputs
- (b) Price and Cost
- (c) Maximum output which can be produced at various points of time
- (d) Various Stages of Production

Q.49. In a Cobb-Douglas production function, two inputs are

- (a) Land and Labour
- (b) Capital and Labour
- (c) Capital and Entrepreneur
- (d) Entrepreneur and land

Q.50. Under Cobb-Douglas production function contribution of capital and labour respectively -

- (a) $\frac{3}{4}$ th, $\frac{1}{4}$ th
- (b) $\frac{1}{4}$ th, $\frac{3}{4}$ th
- (c) $\frac{1}{2}$ th, $\frac{1}{2}$ th
- (d) None of the above

Q.51. _____ is the total output resulting from the efforts of all the factors of production, combined together at any time.

- (a) Total product
- (b) Average Product
- (c) Marginal Product
- (d) All of the above

Q.52. The Marginal production of an input is -----

- (a) Extra product produced by one extra unit of input while other inputs are held constant
- (b) Extra product produced by reducing one unit of input while other input are held constant.
- (c) Reduction in total product due to one extra unit of input while other inputs are held constant
- (d) Reduction in total product by reducing one unit of input while other inputs are changing.

- Q.53. Which of the following is an assumption in the law of Variable Proportions?**
- (a) The state of technology is constant and unchanged
 - (b) Only physical quantities of inputs and outputs are considered
 - (c) Only one factor input is considered variable, while all other factors are fixed
 - (d) All of the above
- Q.54. In agriculture, the land area is taken as constant, while number of workers can be increased. If we apply the Law of Variable Proportions in this situation, it means that the Variable factor of Production is -**
- (a) Number of workers
 - (b) Land
 - (c) Both (a) and (b)
 - (d) Neither (a) nor (b)
- Q.55. What result we get in the first stage of Law of Variable Proportions?**
- (a) Total Product is increasing at an increasing rate
 - (b) Marginal Product increases only till inflexion point
 - (c) (a) but not (b)
 - (d) Both (a) & (b)
- Q.56. The term business cycle refers to**
- (a) the ups and downs in production of commodities
 - (b) the fluctuating levels of economic activity over a period of time
 - (c) decline in economic activities over prolonged period of time
 - (d) increasing unemployment rate and diminishing rate of savings
- Q.57. When does an economic expansion occur in the business cycle?**
- (a) At the break of the business cycle
 - (b) At the trough of the business cycle
 - (c) Between the peak and trough
 - (d) Between the trough and peak
- Q.58. Increasing Prosperity and High standards of living are the characteristics of**
- (a) Peak
 - (b) Contraction
 - (c) Expansion
 - (d) Trough

Q.59. The end of expansion is termed as -

- (a) Peak
- (b) Contraction
- (c) Trough
- (d) None of the above

Q.60. The beginning of recession is

- (a) Peak
- (b) Trough
- (c) Contraction
- (d) Expansion

Part B Business and Commercial Knowledge 40 Marks

Q.1. An example of non-Economic activity is

- (a) Running a profitable business enterprise
- (b) Employment in a company
- (c) Practicing as a Doctor
- (d) Manufacturing goods for charitable purpose

Q.2. Trading implies buying for the purposes of selling. Applying this criterion, tell which of the following activities would not qualify as trading?

- (a) Purchase of goods in bulk quantity from the manufacturer and sale in smaller quantities to the retailers.
- (b) Buying from the wholesaler and selling it to the consumers.
- (c) Buying from the retailer for self-consumption
- (d) Purchase of raw materials from the suppliers for further processing in the factory.

Q.3. Production represents the _____ side of economics

- (a) Demand
- (b) Supply
- (c) Income
- (d) Investment

Q.4. Productive activity means production of goods -

- (a) For Self
- (b) For Family
- (c) For market
- (d) All the above

Q.5. Which of the following is not an advantage of single ownership?

- (a) Risk sharing
- (b) Business growth
- (c) Pooling of capital
- (d) All of the above

Q.6. Which of the following is an advantage of joint ownership?

- (a) Quick decisions
- (b) Pooling of Capital
- (c) Personal Interest
- (d) All of the above

Q.7. _____ is a type of enterprise that is owned and run by one natural person and in which there is no legal distinction between the Owner and the Business Entity.

- (a) Sole Proprietorship
- (b) Company
- (c) LLP
- (d) One Person Company

Q.8. HUF consists of -

- (a) All persons lineally descended from a common ancestor, including Wives and Unmarried Daughters
- (b) All persons lineally descended from a common ancestor, except Wives and Unmarried Daughters
- (c) All male members lineally descended from a common ancestor
- (d) None of the above

Q.9. _____ successive generations of an Undivided Family are known as HUF.

- (a) 2
- (b) 3

- (c) 4
- (d) 5

Q.10. Who is the present chairman of HDFC bank?

- (a) Deepak P. Parekh
- (b) M. K. Sharma
- (c) Sanjiv Singh
- (d) Chandan Kumar Dey

Q.11. Who is the present chairman of ICICI bank?

- (a) M. K. Sharma
- (b) Chanda Kochar
- (c) Rakesh Jha
- (d) None of the above

Q.12. Which of the following Brand is not owned by TATA?

- (a) Titan
- (b) Sonata
- (c) Voltas
- (d) B-Natural

Q.13. When was Reliance Industries Ltd. incorporated?

- (a) 1965
- (b) 1966
- (c) 1978
- (d) 1959

Q.14. Who is the present chairman of SBI?

- (a) Rajnish Kumar
- (b) Natrajan Chandrasekaran
- (c) Alok Kumar Agarwal
- (d) None of the Above

Q.15. State Bank of India was formerly known as:

- (a) Bank of Madras
- (b) Bank of Calcutta

- (c) Imperial Bank
- (d) Indian Bank

Q.16. Where is the Headquarter of Microsoft located?

- (a) Washington
- (b) New York
- (c) New Jersey
- (d) California

Q.17. Which main industrial category does Wipro Ltd come under?

- (a) Pharmaceuticals & Drugs
- (b) Diversified
- (c) Media
- (d) IT-Software

Q.18. _____ environment is beyond the control of the business

- (a) Internal
- (b) External
- (c) Micro
- (d) Macro

Q.19. Internal factors affecting a business environment is also referred to as _____ factors.

- (a) Controllable
- (b) Uncontrollable factors
- (c) Relevant
- (d) Global

Q.20. Which of the following is not a factor of Demographic Environment?

- (a) Ethnic Mix
- (b) Legal
- (c) Population size
- (d) Geographic distribution

Q.21. SWOT analysis refers to -

- (a) Strength, Weakness, Options and Threats
- (b) Strength, Weakness, Opportunities and Threats

- (c) Strength, weakness, Options and Traits
- (d) Strength, Weakness, Opportunities and Traits

Q.22. Study of human population is called as _____ environment.

- (a) Political
- (b) Demographic
- (c) Global
- (d) Economic

Q.23. The immediate environment with which the firm operates is called-

- (a) Micro Environment
- (b) Macro Environment
- (c) External Environment
- (d) Peripheral Environment

Q.24. Micro Environment is also known as -

- (a) Internal Environment
- (b) Task Environment
- (c) General Environment
- (d) Both (a) and (b)

Q.25. The elements of Micro environment consist of _____

- (a) Political, competitive pressures, Social and physical forces
- (b) Suppliers, competitors, customers and distributors
- (c) Technology, legal legislation, supply chain and competitors
- (d) Economic, customers, social and political forces

Q.26. Elements of Macro Environment include -

- (a) Legal Environment
- (b) Competitors
- (c) Customers
- (d) All of the above

Q.27. Monetary Policy includes -

- (a) Activities and interventions that aim at smooth supply of credit to the business and a boost to trade and industry.

- (b) Policy in respect of Public Expenditure, Taxation (both Direct and Indirect) and Public Debt.
- (c) Regulating the inflow of Foreign Investment in various sectors for speeding up industrial development, and related objectives
- (d) Increasing exports and bridge the gap between Exports and Imports

Q.28. The Process of integration of the world into one huge market is called as -

- (a) Nationalization
- (b) Globalization
- (c) Capitalization
- (d) None of the above

Q.29. NABARD refines the financial institutions which finances the _____

- (a) Urban sector
- (b) Rural sector
- (c) Secondary sector
- (d) Service sector

Q.30. Reforms in Dowry Act and Divorce Act are the examples of :

- (a) Economic Reforms
- (b) Cultural Reforms
- (c) Commercial Reforms
- (d) Socio-cultural Reforms

Q.31. Transfer of Government Ownership to private hands is called -

- (a) Nationalization
- (b) Globalization
- (c) Privatization
- (d) Liberalization

Q.32. Which of the following institutions has been scrapped recently?

- (a) Minerals and Metals Regulatory Commission
- (b) Coal India Limited
- (c) Planning Commission
- (d) FIPB

Q.33. The RBI has been vested with extensive power to control and supervise commercial banking system under which Act?

- (a) The Reserve Bank of India Act, 1933
- (b) The Reserve Bank of India Act, 1934
- (c) The Reserve Bank of India Act, 1935
- (d) The Reserve Bank of India Act, 1936

Q.34. SEBI, RBI and IRDA are:

- (a) Regulatory Institutions
- (b) Policy Institutions
- (c) Satellite Institutions
- (d) Goal setting bodies

Q.35. Identify which of these is not a function of the Central Bank.

- (a) Clearing arrangements among Banks
- (b) Implementing government's monetary policy
- (c) Specifying income tax rates
- (d) Custody of cash reserves

Q.36. Which of the following is not the function of RBI.

- (a) Banker's Bank
- (b) Issue of currency
- (c) Regulation of Foreign Trade
- (d) Custodian of Forex Reserves

Q.37. Shares of large, well established and financially sound companies with an impressive record of earnings and dividends are called.

- (a) Bonds
- (b) Blue Chips
- (c) Badla
- (d) None of the above

Q.38. Measurement of relationship between stock price of any particular stock and the movement of whole market is called

- (a) Beta
- (b) Alpha

- (c) Bid
- (d) Bond

Q.39. Business day _____

- (a) Monday – Friday
- (b) Except Public holidays
- (c) Stock Markets are open all 7 days of week
- (d) All of the above

Q.40. The demand by a company or any other issuer of shares for payment is called

- (a) Call
- (b) Offer
- (c) Bid
- (d) None of the above