

BUSINESS ECONOMICS

All questions are compulsory

Time: 2 Hours Marks: 100

1. Which of the following topics is least concerned with microeconomic analysis?
 - (A) Predicting next quarter's inflation rate
 - (B) Studying consumer demand for smartphones
 - (C) Calculating unit production costs
 - (D) Comparing costs of storage methods

2. Which is incorrect in context of business economics compared to general economics?
 - (A) It is oriented towards decision-making in a specific business.
 - (B) It generally has a narrower scope than economics.
 - (C) Economics originated as a subset of business economics.
 - (D) It deals with specific firm-level supply and demand analysis.

3. A planned economy can also be referred to as:
 - (A) Capitalist economy
 - (B) Socialist economy
 - (C) Mixed economy
 - (D) Global economy

4. Which is not an advantage of a capitalist system?
 - (A) Faster pace of economic growth
 - (B) Ownership of resources is shared by all
 - (C) High operational efficiency
 - (D) Rewards for innovation

5. The basis of an economic system is that:
 - (A) Needs are unlimited and resources are scarce
 - (B) Needs are limited but resources are scarce
 - (C) Needs and resources are both unlimited
 - (D) Needs are unlimited but resources are abundant

6. Goods whose demand grows with rising income up to a point and thereafter falls are called:
 - (A) Normal goods
 - (B) Inferior goods

- (C) Essential goods
- (D) Luxury goods

7. High-priced articles purchased to display wealth fall under:

- (A) Demonstration effect
- (B) Bandwagon effect
- (C) Snob effect
- (D) Veblen effect

8. Expectation of a future fall in price will cause:

- (A) Downward move along existing demand curve
- (B) Upward move along existing demand curve
- (C) Increase in demand (shift to right)
- (D) Decrease in demand (shift to left)

9. A buyer purchases 80 units at ₹8 each. Price elasticity = -2 . Find the price at which they would buy 72 units.

- (A) ₹8.20
- (B) ₹7.80
- (C) ₹7.60
- (D) ₹8.40

10. If price increases and total revenue also increases, demand is:

- (A) Elastic
- (B) Unit elastic
- (C) Inelastic
- (D) Perfectly elastic

11. Which statement is false about price elasticity?

- (A) Availability of substitutes increases elasticity
- (B) Larger proportion of income spent \rightarrow higher elasticity
- (C) Necessities have inelastic demand
- (D) More varied uses raise elasticity

12. Cross elasticity between two complementary goods is:

- (A) Large positive
- (B) Zero
- (C) Negative

(D) Infinite

13. If total utility rises at a diminishing rate, marginal utility is:

- (A) Equal to total utility
- (B) Positive but falling
- (C) Negative
- (D) Zero

14. Price rises from ₹100 to ₹108 and supply goes from 150 units to 180. Arc elasticity of supply is close to:

- (A) 2.2
- (B) 2.5
- (C) 3.0
- (D) 3.3

15. The slope of an indifference curve is defined as:

- (A) Marginal rate of substitution
- (B) Marginal utility
- (C) Consumer surplus
- (D) Price line

16. Capital used up entirely in one production cycle is known as:

- (A) Fixed capital
- (B) Circulating capital
- (C) Tangible capital
- (D) Human capital

17. Objectives such as survival, growth, and expansion relate to:

- (A) Organic objectives
- (B) Economic objectives
- (C) Social objectives
- (D) National objectives

18. The relationship showing minimum quantities of inputs needed to produce a given output is:

- (A) Demand function
- (B) Production function
- (C) Supply function
- (D) Cost function