BUSINESS ECONOMICS

SEM - II (QUESTION BANK)

Sr.No	Question	Answer1	Answer2	Answer3	Answer4	Correct Answer
MODULE - I						
1	____________ accept price determined by market.	Monopoly market	Perfect competition market	Oligopoly market	Duopoly market	Answer2
2	______market has the feature of the selling cost.	Perfect competition	Monopoly	Monopolistic competition	Monopsony	Answer3
3	____________of the following is not true about Perfect competition.	Price taker	Single seller	No selling cost	Non Government intervention	Answer2

4	________ prevents a seller in perfect competition to influence the price	Large number of sellers	Heterogeneous goods	Effective advertising by other sellers	Single seller	Answer1
5	_________of the following is a feature of oligopoly:	Single seller	No substitute	Differentiated Product	Price of all product is identical	Answer3
6	A new firm can easily enter a/an ________market.	Oligopoly	Monopoly	Perfect competitive	Monopsony	Answer3
7	Demand curve faced by an individual seller under perfect competition is _________________	Downward & gradual	Downward and steeper	Vertical	Horizontal	Answer4
8	Cartel formation is most likely to happen under_________	Perfect competition	Monopoly	Oligopoly	Monopolistic competition	Answer3

9	Usually, in natural monopoly, the only supplier of a good or service is the ____.	Private sector	Government	Retailer	Wholesaler	Answer2
10	The slope of demand curve under monopolistic competition is __________	steeper	Perfectly inelastic	flatter	Perfectly elastic	Answer3
11	Demand curve of a monopoly firm is ________	Relatively inelastic	Perfectly inelastic	Relatively elastic	Perfectly elastic	Answer1
12	________________ competition is a market situation where there are many seller selling differentiated products.	Monopoly	Monopolistic competition	Perfect competition	Oligopoly	Answer2
13	Goods sold in the perfect competition market are________________	homogeneous	Differentiated	Duplicate	Original	Answer1

14	Price × quantity = ______________	Average revenue	Marginal revenue	Total revenue	Equilibrium	Answer3
15	In a monopoly market number of sellers is/are__________	Two	one	Three	Four	Answer2
16	Railway services are the example of ______________	Local Government	legal monopoly	Central Government monopoly	natural monopoly	Answer3
17	Entry in the monopoly market is ________	Highly restricted	Easy	Simple	Less difficult	Answer1
18	Airlines is an example of_____________	Monopoly market	Perfect competition	Oligopoly market	Monopolistic competition	Answer3

19	____________is the most distinguishing features of perfect competition .	Product standardization	Product differentiation	Product innovation	Product Categorization	Answer1
20	_____________ is not the feature of a perfectly competitive market.	Large number of buyers & sellers	Price taker	Advertising plays an important role	Homogeneous products	Answer3
21	____________ prevails under perfect competition	AR < MR	AR > MR	AR + MR = 1	AR = MR	Answer4
22	Total Revenue - Total cost = ______________	Profit	loss	shut down point	sub normal loss	Answer1
23	In perfect competition, the actions of an individual buyer or seller will_____________	have no impact on the market price	have some impact on production	have a significant impact on market supply	have a significant impact on market demand	Answer1

24	TR = TC implies , _____________	Premium profit	Supernormal profit	Normal profit	loss	Answer3
25	Under perfect competition when price is constant, AR is _______________	Increasing	decreasing	Constant	negative	Answer3
26	Under Perfect competition when AR is constant, MR is equal to ______________	TC	TR	AC	AR	Answer4
27	Under ______________ market price is constant at all level of output sold	Monopoly	Monopolistic competition	oligopoly	Perfect competition	Answer4
28	At the shut down point , Average revenue is equal to _______________	Average fixed Cost	Average variable Cost	Average total Cost	Average Cost	Answer2

29	Total amount of money received through sales composes_____________	Total cost	Total revenue	Marginal revenue	Average product	Answer2
30	When TR > TC, there is ______________	sub normal loss	Normal Profit	loss	Super normal Profit	Answer4
31	______two curves are coincides in perfect competition.	Average cost and Marginal revenue	Price line and Scale line	Marginal Revenue and Average Revenue	Average Cost and Average Revenue	Answer3
32	In perfect competition, when P = AR = AC , a firm makes ____________	Normal profit	Loss	Excess profit	May suffer loss	Answer1
33	If the consumers are ignorant of the price difference, they will pay______________	Lower price	Same price	Higher price	Very less price	Answer3

34	If a firm in a perfectly competitive market doubles the number of units of output sold, then total revenue will ____________	More than triple	Halve	double	Remain constant	Answer3
35	______________ refers to the price or revenue per unit of a commodity sold	Total cost	Total revenue	Average product	Average revenue	Answe4
36	In the long -run all cost are ________________	Fixed	Variable	Avoidable	Constant	Answer2
37	A monopolist usually produce______________	Less than optimum output	More than optimum output	Optimum output	Diminishing level of output	Answer1
38	For a monopoly firm _______________	AR = MR	AR > MR	AR < MR	AR = MR < AR	Answer2

39	Excess profit is earned when__________________	AR > AC	AR = AC	AR < AC	TR = TP	Answer1
40	A fundamental source of monopoly market power arises from _____________________	Perfectly elastic demand	Perfectly inelastic demand	Barriers to entry of new firms	free market	Answer3
41	The steeper demand curve in monopoly market explains that a change in price affect will affect sale_______________	Drastically	Marginally	Substantially	Slowly	Answer2
42	If the monopolist has to incur more profit he has to___________________	Reduce the price	Increase the price	Keep same price	waste the resources	Answer1
43	In the short run a monopolist due to his monopoly power earns ________________	No profit	Supernormal profit	Moderate profit	Normal profit	Answer2

44	In the long run monopolist determine the price on the basis of ____________	The long run demand and long run supply	The price and the supply	The long run demand and the price	The average demand and total supply	Answer1
45	Under _____________ market, firm and industry is one and the same thing	Monopolistic competition	Monopoly	Perfect competition	Oligopoly	Answer2
46	In monopoly market, marginal cost curve intersect marginal revenue curve from___________	Below	Above	Side	Up	Answer1
47	_____ is the sole supplier of water supply in Mumbai.	TMC	BMC	MMC	KMC	Answer2
48	____________ is true about perfect competition	Perfect mobility of factor of production	Restriction on entry	Selling cost	Heterogeneous goods	Answer1

49	The point at which quantity demanded is equals to quantity supplied is the _________ point	total supply	total demand	equilibrium	Aggregate supply	Answer3
50	__________ is the addition made to the total cost by producing an additional unit of output	Average cost	Total product	Marginal cost	Incremental cost	Answer3
MODULE - II						
51	In monopolistic competition there are ___________	Few sellers	Many sellers	Two- sellers	Ten sellers	Answer2
52	Product sold in monopolistic competition is ____________	Homogeneous	Differentiated	Inferior	Superior	Answer2

53	The cost incurred by firm on advertisement and promoting sales is_________________	Fixed Cost	Selling cost	Purchasing cost	Production Cost	Answer2
54	A firm in a monopolistic market requires to incur______________	Only production cost	only selling cost	Fixed & variable cost	Both production & selling cost	Answer4
55	In the long run Monopolistic firm cannot continue with _______________	covering full cost	Supernormal profit	Profit	Loss	Answer4
56	________ of the following is not a characteristic of monopolistic competition.	Many sellers	Price taker	Free entry into the market	Product differentiation	Answer2
57	Under Monopoly when TR is decreasing, MR will be _________________	Positive	Increasing	Decreasing	Negative	Answer4

58	Luxury goods have _______________ demand	Relatively inelastic	Relatively elastic	Perfectly elastic	Perfectly inelastic	Answer2
59	The Total cost of 5th units is Rs.75 and 6th units is Rs.90,the Marginal cost of producing 6th unit is Rs.___________	165	25	15	20	Answer3
60	Due to product differentiation, in monopolistic market, a firm's demand curve is___________	Horizontal	Vertical	Downward sloping	Upward sloping	Answer3
61	Availability of large number of close substitutes in monopolistic competition makes the______________	Cross elasticity high	Cross elasticity low	Cross elasticity remains same	Cross elasticity not applicable	Answer1
62	In the long run a firm under monopolistic competition will get _______________	Supernormal profit	Excess profit	Normal profit	Loss	Answer3

63	In the monopolistic competition the more relevant concept is__________________	Firm	Retail	Industry	Individual	Answer2
64	A similarity between monopoly & monopolistic competition is that _______________	Firms are interdependent	Few sellers	Sellers are price makers & not price takers	Product differentiation is done	Answer3
65	The profit- maximising firm in a monopolistic competition reaches equilibrium output where its_______________	MR = MC	ATC = MR	ATC = P	AR > ATC	Answer1
66	Price leadership avoids____________	Price war	New entrants to the market	Promotes product differentiatio n	Output war	Answer1
67	Kinked demand curve model was given by the famous economist __________	Giffen	J.M. Keynes	Karl Marks	Paul Sweezy	Answer4

68	Sellers under oligopoly market behave like a ___________	Group	Firm	Industry	Trader	Answer1
69	___________ of the following is not the feature of oligopoly	Price rigidity	Selling cost	Group Behaviour	Large number of sellers	Answer4
70	The aim of the cartel is maximizing _________ type of profit	Accounting	Joint	Government	Individual	Answer2
71	________ type of oligopoly occurs when the firm combine together instead of competing and follow common policy	Collusive	Non-collusive	Open	Closed	Answer1
72	Firms under ___________ jointly fix price and output through agreements.	leadership	Cartel	Monopoly	Monopolistic competition	Answer2

73	Oligopolists, though avoid price competition, get indulge in non-price competition called_______________-	Goods cheating	Product cheating	Covert cheating	Non-financial cheating	Answer3
74	Collusive oligopoly is beneficial to________________	Consumer	Producers	New entrants	Buyers	Answer2
75	In the oligopoly market the decision of the firm is ______________	Certain	Uncertain	Totally depends on others	Take expert's decision	Answer2
76	A kinked demand curve indicates_______________	Price flexibility in non-collusive oligopoly	Price flexibility in collusive oligopoly	Price rigidity in collusive oligopoly	Price rigidity in non-collusive oligopoly	Answer4
77	In oligopoly theory, discontinuous marginal revenue curve explains the phenomenon of_____________	Many sellers	Price rigidity	Price discrimination	Interdependence of price decision	Answer2

78	Two sellers is the feature of ______________Market	duopoly	Monopoly	Monopolistic competition	perfect competition	Answer1
79	Secret price concession given in an oligopoly is an example of ________competition.	Price competition	Non- price competition	Consumer welfare	Policy of the firm	Answer2
80	In __________oligopoly, the commodity sold are homogeneous	Pure	Mixed	Impure	differentiated	Answer1
81	______of the following sectors in India is characterized by oligopoly markets	Agricultural commodities	Retail	Automobiles	Hospitality	Answer3
82	__________ of the following statements is true about oligopoly.	Entry is free	Entry is possible but difficult	Entry not possible	Exit is not allowed	Answer2

83	Interdependence of firms in oligopoly is the result of_______________	Existence of a large number of firms	Government regulations	Existence of a few firms	Easy entry of a new firms	Answer3
84	Interdependence of firms in oligopoly is the results in________________	Uncertainty reaction of rivals	Certainty reaction of rivals	Determinate demand curve	Price flexibility	Answer1
85	___________oligopoly comes into existence when firms work together to reduce uncertainty in the market.	Non-collusive	Non-competitive	Collusive	Pure	Answer3
86	__________ takes place when all firms in collusive oligopoly try and control supply.	Price flexibility	Price fixing	Price control	Price reduction	Answer2
87	___________of the following is a feature of collusive oligopoly.	Not co-operate each other	Co-operate each other	Price competition	Beneficial to buyers	Answer2

88	__________of the following is a feature of non-collusive oligopoly.	Co-operate each other	Beneficial to producers	Cartel formation	Price war is possible	Answer4
89	According to the kinked demand curve model, a firm will assume that rival firms will ____________	Keep their production constant	Keep their prices constant	Match price cuts but not price increases	Match price increases but not price cuts	Answer3
90	The primary objective of cartel formation is______________	To avoid price war	To carry out price competition	To benefit buys	To follow government regulations	Answer1
91	Governments discourage & prevent cartel formation by firms in order to____________	Protect the interest of the sellers	Earn revenue	Protect the interest of the buyers	Promote exports	Answer3
92	In a ________cartel, each member gets the exclusive right to operate in a particular geographical areas	Decentralization	Centralized	Competitive	Standard	Answer2

93	In loose type of cartels the sharing of output and profit takes place through _______ methods.	Price competition	Government regulations	Market competition	Non- price competition & quotas	Answer4
94	__________________ forces other firms to accept its price policy.	Loss making firm	Aggressive price leaders	Price takers	Sick unit	Answer2
95	__________law in India specifically prevents the formation of cartels.	Indian Bankruptcy & Insolvency Code 2016	Companies Act 2013	Competition Act 2002	Patent Act 1970	Answer3
96	Price discrimination is generally practiced under____________	Monopoly	Perfect competition	Oligopoly	Monopolistic competition	Answer1
97	Price leadership is example of ________ market	Monopolistic competition	Perfect competition	Monopoly competition	Oligopoly	Answer4

98	______________ is true about barometric leader	low cost firm	a large firm	a good forecaster of changing demand	dominant firm	Answer3
99	As per Greek word 'Oligos'means _____________	large	small	giant	few	Answer4
100	Production cost + selling cost =	Total cost	Total revenue	Average product	Average revenue	Answer1
MODULE - III						
101	______is an intra-firm trading of goods and services	Dumping	Marginal Cost Pricing	Cost plus pricing	Transfer pricing	Answer4

102	Charging different prices to different buyers for the same product is _______________	Price differentiation	Oligopoly pricing	Price discrimination	age discrimination	Answer3
103	In multi-product pricing strategy ,the firms considers that_____________	the demands for various products are inter-related	look into inelasticity of demand	they have to manipulate market demand in their favour	maximise the loss	Answer1
104	_________of the following are not the objectives of price policy	Survival	Market share	Money making	Transformation	Answer4
105	Goal of price discrimination is ____________	Increasing sales and profit maximisation	Social justification	Exploitation	Poverty alleviation	Answer1
106	____________ is the objectives of price policy .	Survival	Withdrawal of market share	Reduction in profit	Reduction of sales	Answer1

107	When a monopolist charges different prices in different market located at different places is called________________	Age discrimination	Use discrimination	Geographical discrimination	Time discrimination	Answer3
108	__________implies high price in the domestic and low price in foreign markets.	Dumping	Cost - plus pricing	Marginal cost pricing,	Multiple product pricing	Answer1
109	Discriminating prices are ____________	uniform	equal distribution	stable	not uniform	Answer4
110	Cost plus pricing is also known as ___________________	Transfer pricing	Full-cost pricing	Marginal cost pricing	Dumping	Answer2
111	Pricing of a variety of goods produced by a single firm is called_____________-	Dumping	Marginal cost pricing	Multi-product pricing	Cost-plus pricing	Answer3

112	______________ is not an advantage of cost plus pricing	Ensure profit to firm	Simple to calculate	Recognizes importance of fixed cost	Reduction of tax burden	Answer4
113	Marginal cost pricing is followed by ___________	private manufacturing enterprises	private service enterprises	public undertakings	Sick unit	Answer3
114	The reason why public sector undertakings decide to charge a price equal to MC is,________	to increase the demand for essential goods and services	to increase their profits	to encourage private enterprises	to decrease the demand for their products	Answer1
115	In order to control monopoly pricing, the government may impose price restriction based on _________	average cost	full cost	total cost	marginal cost	Answer4
116	Marginal cost pricing charged ________	to Maximize profits	to control private monopoly	to Prevent shut down of the firm	to Minimising losses	Answer2

117	____________ is not a feature of full cost pricing method	Avoids frequent price changes	Most popular pricing method	Absence of mark up profit	maximise the profit	Answer3
118	The formula for determining Cost plus price is __________	P = M(1+C)	P=C+M	P=C(1/M)	P=C(1+M)	Answer4
119	Price discrimination to be profitable if____________	elasticity of demand should differ in different market	elasticity of demand should same in different market	elasticity of demand should same in same market	elasticity of demand should be same	Answer1
120	__________takes place when different prices are charged in different markets which are located geographically at a distance.	First degree price discrimination	Second degree price discrimination	Third degree price discriminatio n	Fourth degree price discrimination	Answer3
121	Assuming a desired mark-up of 15%, if average variable cost is Rs.55 and Average Fixed cost is Rs.15, calculate full cost price of product	80.5	85	58	78	Answe1

122	____________ allowed to encourage a buyer to purchase in bulk	Age discrimination	Geographical discrimination	Quality discount	Quantity discount	Answer4
123	A discriminating monopolist distributes total output market segments till the point_________________	where MR in each market segment is different	where the TR in each market segment is the same	where AR in each market segment is different	where MR in all the markets is the same	Answer4
124	____________________ involves a high introductory price in the initial stage to skim the cream of demand	Skimming pricing	Penetration pricing	Transfer pricing	Marginal pricing	Answer1
125	__________of the following statements is true about dumping	The seller is a monopolist in the home market and faces perfect competition in the world market	The seller is a monopolist in the world market and faces perfect competition in the home market	The seller is a monopolist in both home market and the world market	The seller faces perfect competition in both- home market and foreign market.	Answer1

126	____________dumping takes place when there is a temporary sale of commodities at a lower price in the international market to drive out competition and charge monopoly price thereafter.	Persistent	Sporadic	Predatory	Standard	Answer3
127	The primary objective of sporadic dumping is to_______	drive out international competitors	gain monopoly power in the home market	unload excess stock of unsold goods	create an international cartel	Answer3
128	Assuming a desired mark-up of 14%, if average variable cost is Rs.65 and Average Fixed cost is Rs.25, calculate full cost price of product	110	201.6	102.6	220	Answer3
129	In case of dumping, the demand curve faced by a seller in the home market is___________	Perfectly elastic	Relatively elastic	Perfectly inelastic	Relatively inelastic	Answer4
130	In case of dumping price charged in the home market _________	will be lower than in the international market	will be the same as in the international market	will be higher than in the international market	may be higher or lower than in the international	Answer3

131	Cost plus pricing = _______________	cost + fair profit	TR / MR	Profit/cost	AC / MC	Answer1
132	_______ of the following conditions price discrimination is possible.	When goods can be transferred from one market to another	When there are no political and traffic barriers between different markets	When consumers have perfect knowledge about the market	When consumers are ignorant about price differences in the market	Answer4
133	When the elasticity of demand differs in two market, the monopolist will charge a _____________ in the more elastic market.	high price	lower price	moderate price	premium price	Answer2
128	In case of dumping, the demand curve faced by a seller in foreign market is________________	Perfectly elastic	Relatively elastic	Perfectly inelastic	Relatively inelastic	Answer1

135	If multinatinational company wants to determine price of its product. If the mark up is targeted at 25% average variable cost is Rs.50 and average fixed cost is Rs.40.Calculate cost price of product.	125.5	152.5	112.5	211.5	Answer3
136	Political boundaries __________ the movement of people from one market to other market	enable	permit	prevent	allow	Answer3
137	_________________________ example of Transfer Pricing	Railway	Airline	water supply	Amul Products	Answer4
138	In ___________________________ pricing low price is designed in the initial stage with a view to capture greater share of market.	Skimming	Psychological	Penetration	Premium	Answer3
139	_________________is useful to monitor the flow of goods among the department.	Mark up pricing	cost plus pricing	full cost pricing	Transfer pricing	Answer4

140	______________ harm the domestic industry and producers	Transfer pricing	Dumping	Marginal cost pricing	Multiple product pricing	Answer2
141	On the basis of the time of service, different rates may be charged is the condition of _____________ discrimination	age	size	time	geographical area	Answer3
142	On the basis of age ,different rates may be charged is the condition of _____________ discrimination	Sex price	Transfer pricing	Size prize discriminatio n	Age	Answer4
143	______________ is the price at which the intermediate products are sold by one department to another of same firm.	marginal cost pricing	Transfer pricing	cost plus pricing	multiple product pricing	Answer2
144	_____________________ is allowed in the form of deduction from the list price	Quality discount	Seasonal discount	Cash discount	Trade discount	Answer4

145	The government imposes ___________ on foreign imports when it believes that the goods are being "dumped"	Anti dumping duty	basic custom duty	education cess duty	sliding scale duty	Answer1
146	When the elasticity of demand differs in two market, the monopolist will charge a ______________ in the less elastic market.	lower price	moderate price	economical price	higher price	Answer4
147	Assuming a desired mark-up of 12%, if average variable cost is Rs.45 and Average Fixed cost is Rs.20, calculate full cost price of product	78.2	72.8	27.8	30.8	Answer 2
148	____________ is one where prices are determined by what a firm believes customer will be prepared to pay	cost plus pricing	transfer pricing	multiple product pricing	customer based pricing	Answer4
149	Administered prices are fixed by __________	private company	Buyers	government	sellers	Answer3

150	A firm having service motive will keep ________ price	high	stable	premium	low	Answer4
MODULE - IV						
151	____________ of the following is true about Pay back period	It consider cost of capital	It consider discounted value of cash flow	It prefer short term project	It helps to avoid tax	Answer3
152	If a project cost Rs.1,00,000 yield annual cash inflow of Rs.10,000 .What will be its pay back period ?	3 years	2 years	10 years	7 years	Answer3
153	Capital budgeting is relevant for ______________	within 6 month benefits	within one year benefit	current benefits	future benefits	Answer4

154	Capital budgeting decision is related to plan for investment in ____________	current assets	short term investment	capital Assets	current liability	Answer3
155	______________ is comparatively difficult to understand and use	Net present value	Internal Rate of Return	Pay back period	Pay off period	Answer2
156	Capital budgeting is also known as ___________	borrowing of funds	Investment decision making	pricing of product	short term investment	Answer2
157	The return after the pay off period is not considered in __________	NPV	IRR	Average cost	Pay back period	Answer4
158	If a project cost Rs.50,000 yield annual cash inflow of Rs.10,000 .What will be its pay back period ?	10 years	5 years	9 years	8 years	Answer2

159	IRR stands for______________-	International rate of return	Internal rate of return	Initial rate of return	Immediate rate of return	Answer2
160	Pay back period is measured in terms of ________	negative value	%	Rupees	years	Answer4
161	A sound Capital Budgeting technique is based on________________	Cash Flows	Accounting Profit	Interest Rate on Borrowings	Last Dividend Paid	Answer1
162	___________ is not used in Capital Budgeting	Time Value of Money	Sensitivity Analysis	Net Assets Method	Cash Flows	Answer3
163	Capital budgeting is part of _____________	Investment decision	working capital management	Marketing management	current capital	Answer1

164	In capital budgeting ,the positive net value results in ________	negative economic value added	positive economic value added	zero economic value added	constant economic value added	Answer2
165	Capital budgeting involves plan for the _____________	Bill payable	small amount	working capital management	investment	Answer4
166	Capital budgeting relates to _______________ investment decisions.	short term	long -term	medium term	constant	Answer2
167	_________________ is similar to the Keynesian concept of marginal efficiency of capital.	Pay back period	Net Present Value	Internal rate of return	Pay off period	Answer3
168	If a project cost Rs.2,00,000 yield annual cash inflow of Rs.50,000 then PBP =_______________	3 years	2 years	4 years	7 years	Answer3

169	_____________ implies a systematic review of the results of capital expenditure.	Cost plus pricing	Performance review	Second hand information	Income expenditure	Answer2
170	Due to _______________,NPV is consider as better measure than IRR	IRR consider cost of capital	NPV suggests maximisation of shareholders wealth	NPV is a long term phenomenon	because NPV is always negative	Answer2
171	IRR does not take into consideration____________	the cost of capital	Rate of return	Present value	Discount rate	Answer1
172	Capital budgeting is concerned with planning and control of __________________	Revenue expenditure	working capital	small funds	Capital expenditure	Answer4
173	Payback period method is ____________	simple and easy to calculate	not realistic	favours high risky projects	same as IRR	Answer1

174	Capital budgeting is essential to avoid___________	less risky project	wrong capital investment decision	right capital investment decisions	project with high profit	Answer2
175	Capital budgeting pertains to investment decision______	to select high risky project	Balancing balance sheet	to help choose between alternatives	to take NPV with negative value	Answer3
176	Investment to replace working but obsolete equipment with more efficient ones is generally done for ___________________	increasing cost	reducing cost	Constant cost	increasing risk	Answer2
177	Future value may be defined as ___________________	The discounted value of future cash flows	The interest rate earned on future cash flows	The compounded value of future cash flows	The opportunity costs of future cash flows	Answer3
178	Present value may be defined as __________________	the discounted value of future cash flow	the interest rate earned on future cash flows	the compounded value of future cash outflow	The compounded value of future cash inflow	Answer1

179	A project is profitable if NPV is__________________	Zero	Negative	One	Positive	Answer4
180	________________ does not consider the cash inflows over the entire life of projects	NPV	IRR	PBP	MEC	Answer3
181	Projects with __________ are accepted	Lower payback period	Normal payback period	Higher payback period	very long period	Answer1
182	NPV stands for _____________	Net present volume	Net Price value	National price value	Net present value	Answer4
183	_______________________ is also called a ," Time Adjusted Rate of Return Method."	Average capital	Net Present Value	Pay back period	Internal rate of return	Answer4

184	If original cost of investment is Rs 5,00,000 and annual cash inflow is of Rs.1,00,000 then Pay Back Period =	2.5 years	2 years	6 years	5 years	Answer4
185	A project may be regarded as high risk project when ___________	It has smaller variance of outcome but a high initial investment	It has larger variance of outcome and high initial investment	It has smaller variance of outcome and a low initial investment	It has larger variance of outcome and low initial investment	Answer1
186	If original cost of investment is Rs 3,00,000 and annual cash inflow is of 60,000 then Pay Back Period =_____________	4 years	5 years	3 years	6 years	Answer2
187	Capital Budgeting helps to reduce ____________	risk and uncertainties	Profit	return on investment	utilisation of resources	Answer1
188	______________ is one of the biggest drawback of Pay back Period	Simple and easy to calculate	Favour less risky project	It eases the problem of liquidity	Does not pay attention to cash inflow after pay back period	Answer4

189	______________ means that the project add more to revenue than to cost and therefore the project should be acceptable.	NPV>0	NPV < 0	NPV = 0	NPV is negative	Answer1
190	________________ involves plan for the investment of funds	Cost plus pricing	Total cost	Marginal cost	Capital budgeting	Answer4
191	NPV can be calculated by using _________ formula.	P-C	$R_n/(1+r)^n$	original investment/ annual cash inflow	inflow/outflow	Answer1
192	____________the following statements is true about mutually exclusive projects.	They are not in direct competition with each other.	They are in direct competition with each other.	They are not evaluated based on shareholder wealth.	They are never evaluated.	Answer2
193	____________ of the following techniques does not take into account the time value of money.	Internal rate of return method	Simple cash payback method	Net present value method	Discounted cash payback method	Answer2

194	If present value of cash outflow is equal to present value of cash inflow, the net present value will be:__________	positive	negative	zero	infinite	Answer3
195	The internal Rate of Return (IRR) criterion for project acceptance, under theoretically infinite funds is:, accept all projects which have____________	IRR equal to the cost of capital	IRR greater than the cost of capital	IRR less than the cost of capital	IRR less than Pay back period	Answer2
196	____________ of the following is not a capital budgeting	Expansion programme	Acquisition of long term Assets	Replacement of an existing Assets	Current Assets	Answer4
197	NPV is negative only when the IRR is _______________ marginal cost of capital	less than	more than	equals to	greater than	Answer1
198	A project whose acceptance requires the acceptance of another project is known as_________________	an independent project	a dependent project	an essential project	a contingent project	Answer2

199	An increase in the discount rate will__________________	reduce the present value of future cash flows.	increase the present value of future cash flows.	have no effect on net present value.	compensate for reduced risk.	Answer1
200	A rational choice for capital budgeting would be to select___ ___________ investment	most Profitable	high cost of capital	higher expected loss	high pay back period	Answer1