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| **Question** | **Option 1** | **Option 2** | **Option 3** | **Option 4** | **Correct Answer** |  |
| Identify the factor which is one of the major causes of economic problems | Unlimited human wants | Alternative use of scarce resources | Scarcity of resources | All of the above | 4 |  |
| Locate the term acossiated with micro economics | National Income | General Price Level | Allocation of resources | None of the above | 3 |  |
| Another name for engineering economics is | Decisional Economics | Analytical Economics | Managerial Economics | Decision Science | 3 |  |
| Identify the relationship between two substitute goods | Positive | Negative | Horizontal | No relationship | 1 |  |
| Recall the reason behind scarce resources | Opportunity costs are zero | people must make choices among alternatives | all human wants and desires can be satisfied | resource prices are flexible | 2 |  |
| In engineering economics 'capital' refers to | money | stocks, bonds and other financial assets | the seat of government | machines, buildings and tools | 4 |  |
| Identify which of the following is an economic resource | a worker used to build a new highway | an office building used by an insurance company | a vacant piece of land in New Delhi | All of the above | 4 |  |
| Locate the first step in economic decision making | analyze the problem | identify the problem | making choices | develop alternatives | 2 |  |
| Select the price-demand relationship for giffen goods | negative | positive | no relationship | constant | 2 |  |
| State the situation when the Present value of cash inflows are greater than cash outflows | Net Present Worth is positive | Net Present Worth is negative | Net Present Worth is nil | None of these | 1 |  |
| Identify the effect of deficit financing | Inflation | Deflation | Stagflation | None of these | 1 |  |
| Select payment of tax is | an inflow of cash | an outflow of cash | Both | None of these | 2 |  |
| Recall that NPV technique considers | time value of money | cash inflows | liquidity | All of the above | 4 |  |
| Recognize that annuities involve | a series of payments | all payments of equal amount | payment at equal time intervals | All of these | 4 |  |
| Name the cost that is charged as the wages of supervisors and material handlers | Overhead cost | Direct Labour cost | Indirect Labour cost | None of these | 1 |  |
| Recall the total demand for goods and services in an economy | Aggregate demand | Gross National Product | Economy-wide demand | None of the above | 1 |  |
| In a planned economy, all the economic decisions are taken b y the \_\_\_\_\_\_\_\_\_\_. | government | workers | consumers | voters | 1 |  |
| Economic profit refers to \_\_\_\_\_\_\_\_\_\_ minus all relevant costs, both explicit and implicit. | profit | revenues | expenses | none of the above | 2 |  |
| Select the kind of economy India belongs to | capitalist | mixed economy | socialist | none of these | 2 |  |
| Economic decision makers are primarily concerned with \_\_\_\_\_\_\_. | increasing output | maximising their welfare | reducing prices | increasing international trade | 2 |  |
| Price theory is also named as | Macro Economics | Development Economics | Micro Economics | Public Economics | 3 |  |
| Name the good which is scarce and limited in supply | expensive goods | luxury goods | capital goods | economic goods | 4 |  |
| Define a mixed economy | only public sector | public and private sectors | only private sector | none of the above | 2 |  |
| Identify the main cause of inflation in India | inadequate rise in industrial production | erratic agricultural growth | deficit financing | all of the above | 4 |  |
| Identify the effective method to control inflation in the economy | Cash Reserve Ratio | Selective Credit Control | Bank rate policy | None of the above | 1 |  |
| Select from the options how the purchasing power of money varies | directly with the volume of employment | inversely with the price level | directly with the interest rate | directly with the price level | 2 |  |
| Recall who proposed the statement: "Inflation is always and everywhere a monetary phenomenon." | J.M.Keynes | J.R.Hicks | Milton Friedman | Franco Modigliani | 3 |  |
| Identify a situation of inflation | lenders lose, borrowers gain | borrowers lose, lenders gain | borrowers and lenders both lose | none of the above | 1 |  |
| Name the policies used to control inflation | monetary and fiscal policies | monetary and labour policy | fiscal and commercial policies | all of the above | 1 |  |
| Identify interest received by a finance company is classified under which kind of activity while preparing a Cash Flow Statement | Cash Flow from Operating Activities | Cash Flow from Investing Activities | Cash Flow from Financing Activities | Cash Equivalents | 3 |  |
| Locate which of the following is not source of cash | Issue of shares | Purchase of Machinery | Sale of Asset | Dividend received | 2 |  |
| Name the inflation which arises due to government interruption | Suppressed inflation | Reflation | Open inflation | Deflation | 1 |  |
| Recall the situation in which high price is accompanied by increased real income | inflation | deflation | reflation | none of the above | 3 |  |
| Define claims received from Insurance Companies are treated as | Cash Flow from Operating Activities | Cash Flow from Investing Activities | Cash Flow from Financing Activities | None of the above | 1 |  |
| Recall that cash from operating activities consists of | Operating Profit | Decrease/Increase in Current Assets | Decrease/Increase in Current Assets | All of the Above | 4 |  |
| Define an annuity | a series of equal & non-consecutive cash flow | a series of unequal but consecutive cash flow | a series of equal and consecutive cash flow | None of these | 3 |  |
| Identify who introduced Accounting Standard-3 | ICWAI | ICAI | ICSI | None of these | 2 |  |
| Identify cash from operations as | an inflow of cash | an outflow of cash | Both A & B | None of these | 1 |  |
| Select payment of tax is | an inflow of cash | outflow of cash | Both A & B | None of these | 2 |  |
| State what does NPV stands for | Net Present Value | Net Post Velocity | Net Profit Volume | Net Profit Valuation | 1 |  |
| Select when does fixed cost per unit decreases | production volume decreases | production volume increases | variable cost per unit decreases | None of these | 2 |  |
| Identify the cost that is reflected in accounting system | Cash cost | Overhead cost | Book cost | Direct cost | 3 |  |
| Locate the fixed cost | Depreciation of fixed assets | Excise duty | Cost of advertising | Sales tax | 1 |  |
| Recall what does NPV technique considers | Time Value of money | Cash flows | Liquidity | All of the above | 4 |  |
| State the full form of WPI | Wholesale Price Index | Wholesale Price Inflation | Wholesale Parameter Index | None of these | 1 |  |
| State the meaning of recession | A strong upward fluctuation in the economic activities | General fall in demand as economic activities takes a downturn | An economy tries ton come out of low production phase to survive | An extremely low aggregate demand in the economy causes activities to decelerate | 2 |  |
| Name the model used to compute the construction cost per square foot of a building | Per-unit model | Segmenting model | Learning curve estimation | None of these | 1 |  |
| Identify the degree of elasticity of demand for salt | elastic | inelastic | unitary elastic | perfectly elastic | 2 |  |
| Name the institution that release the WPI data in India | The Reserve Bank of India | The Ministry of Commerce and Industry | The Ministry of Finance | The Ministry of Consumer Affairs, Food and Public Distribution | 2 |  |
| Identify measures followed by government for handling inflation | Monetary measures | Fiscal measures | Controlling investments | All of these | 2 |  |
| Name the inflation which is a result of factor prices | Demand-pull inflation | Cost-push inflation | Stagflation | None of the above | 2 |  |
| Recall as per which accounting standard cash flow statement is prepared for | AS-5 | AS-4 | AS-3 | AS-2 | 3 |  |
| Name the elasticity of demand for durable good | zero | equal to unity | greater than unity | less than unity | 3 |  |
| Select how the Bank overdraft in a cash flow statement can be recorded | Cash flow from Operating Activities | Cash Flow from Investing Activities | Cash flow from Financing activities | Cash Equivalent | 3 |  |
| State under which category interest received by a finance company is recorded in a cash flow statement | cash flow from operating activities | No cash flow | cash flow from investment activities | cash flow from financing activities | 1 |  |
| S+B52:E57tate underwhich category dividend paid by a finance company is recorded in cash flow statement | cash flow from operating activities | cash flow from investment activities | cash flow from financing activities | No cash flow | 3 |  |
| Select which among the following item is considered as Cash Equivalent | Bank deposits for 2 months | Commercial Papers | Treasury Bills | All of the above | 4 |  |
| Name the economist who suggested total expenditure method of elasticity of demand | Pareto | Marshall | Adam Smith | Samuelson | 2 |  |
| List the composition of cash from operating activities | Operating profit | Decrease in current assets | Increase in current assets | All of the above | 4 |  |
| Name the rate of return that an investment provides its investor | investment return rate | internal rate of return | international rate of return | intrinsic rate of return | 2 |  |
| State another name of fixed cost | Supplementary cost | Overhead cost | Indirect cost | All of the above | 4 |  |
| Locate at where MC curve cuts AC and AVC | maximum point | minimum point | initial point | final point | 2 |  |
| Identify another name of alternative cost | opportunity cost | fixed cost | social cost | external cost | 1 |  |
| Name the cost that varies with the change in output | fixed cost | variable cost | social cost | none of the above | 1 |  |
| Locate the break even point of a firm | total revenue>total cost | total revenue<total cost | total revenue=total cost | All of the above | 3 |  |
| Name the cost incurred for hired inputs | implicit cost | explicit cost | marginal cost | none of the above | 2 |  |
| Name the Cash which is kept in the lockers of banks | Liquid Cash | Cold Money | Hot Money | Vault Cash | 4 |  |
| Inflation Stage II is stated as | hyper inflation | Crawling Inflation | Galloping Inflation | Walking Inflation | 4 |  |
| Supply is a \_\_\_\_\_\_\_\_\_\_\_\_\_ variable | stock | constant | flow | none of these | 1 |  |
| The state of the economy when people are willing to work but they have no work is known as | Recovery | Recession | Expansion | Unemployment | 4 |  |
| Cite one example of fixed cost | wages | cost of raw materials | rent | none of the above | 3 |  |
| Identify the cause of contraction of demand | decrease in the number of consumers | increase in the price of the commodity concerned | increase in the prices of other goods | decrease in the income of the consumer | 2 |  |
| Select another name of long run average cost curve | envelope curve | average fixed cost | total variable cost | marginal cost | 1 |  |
| Trace the shape of marginal cost curve | U | R | T | None of the above | 1 |  |
| Incremental cost can be expressed as | Marginal cost | Average cost | total cost | None of the above | 1 |  |
| Identify the shape of perfectly inelastic demand curve | horizontal | steeper | vertical | flatter | 3 |  |
| Estimate TFC, if TC= 200 + 3Q | 100 | 3 | 200 | 50 | 3 |  |
| Predict the supply of a machine, if the price of inputs rises | rises | falls | neither falls nor rises | constant | 2 |  |
| Select the correct option: In a cash flow series | uniform gradient signifies that an income or disbursement changes by the dsame amount in each interest period | either an increase or decrease in the amount of a cash flow is called the gradient | the gradient in the cash flow may be positive or negative | All of the above | 4 |  |
| Select the correct option: Decrease in current liability | decrease cash from operations | increases cash from operations | Both | None of the above | 1 |  |
| Express the relationship of mobile and charger | complementary goods | substitute goods | inferior goods | No relationship | 1 |  |
| Indicate the reason behind time value of money being an important concept | it considers time into account | it considers risk into account | it consider compound interest into account | all of these | 4 |  |
| Select the first stage of inflation | hyperinflation | crawling inflation | galloping inflation | walking inflation | 2 |  |
| Identify the cost that has the shape rectangular hyperbola | TFC | AVC | AFC | MC | 3 |  |
| Express the nature of costly furnitures | inelastic demand | elastic demand | perfectly elastic demand | none of the above | 2 |  |
| Locate the factor that government resorts to reduce inflation | cut in government spending | increase in government expenditure | reduction in repo rate | none of the above | 1 |  |
| Recognize the tool for measuring inflation | Consumer Price Index | Wholesale Price Index | Marshall's Index | None of the above | 1 |  |
| Infer which one of them is helpful for measuring inflation | Learning curve | Segmenting model | Consumer Price Index | MARR (Minimum Attractive Rate of Return) | 3 |  |
| Identify the item with the maximum weightage in the Wholesale Price Index | food items | manufactured products | fuel and power | none of the above | 2 |  |
| Select the result of inflation | distribution of income equal | distribution of income unequal | no effect on distribution of income | affects only industrial sector | 2 |  |
| Infer who suffers the most during inflation | wage and salary earners | creditors | debtors | businessman | 1 |  |
| Identify the cause of inflation in underdeveloped economy | mass poverty | less prodcution | lack of technical know-how | market imperfection | 4 |  |
| Identify the reason for decrease in Cash from Operating activities | Increase in Current Assets | Decrease in Current Liabilities | Neither of the two | Both 1 and 2 | 3 |  |
| Give examples of cash flow from operating activity | Interest paid on term-deposits by a bank | Cash receipts from sale of goods and services | Issue of equity share capital | Both 1 and 2 | 4 |  |
| Indicate when does break-even point arises | contribution is equal with fixed cost | no profit no loss situation | total sale revenue is equal with fixed cost | All of these | 2 |  |
| Indicate the relationship of profit volume ratio | profit and sales | variable cost and sales | contribution and sales | None of these | 3 |  |
| Identify the result of inflation | future rupees less valuable than present rupees | future rupees more valuable than present rupees | future rupees equal to present rupees | None of these | 1 |  |
| Infer that an increase in the number of restaurants serving fast-foods leads to | Growth in the demand of fast-food meals | Increase in the supply of fast food meals | Increase in the price of fast food meals | Growth in the demand for substitutes of fast food meals | 2 |  |
| Select what is added while calculating cash flow from operating activities | Increase in stock | Increase in creditors | Decrease in bills payable | Increase in debtors | 2 |  |
| Identify the component that will be deducted while calculating cash flow from operating activities | Decrease in prepaid expenses | Increase in trade payables | Increase in trade receivables | Decrease in trade receivables | 3 |  |
| Give examples of cash flow from investing activity | Issue of debentures | Repayment of long term loan | Purchase of raw materials for cash | Sale of investment by non-financial enterprise | 4 |  |
| Classify where cash deposited in bank would be recorded | cash flow from operating activities | No cash flow | cash flow from investment activities | cash flow from financing activities | 4 |  |
| Give examples of perfectly inelastic demand | Monalisa painting | Inexpensive necessities | Foreign currency exchange | Life saving medicines | 4 |  |
| Select the correct option: If a commodity has variety of uses, say electricity, then the demand for it will be | Elastic | Inelastic | perfectly elastic | Unitary elastic | 1 |  |
| Identify the degree of elasticity during short run | high | low | unchanged | none of the above | 2 |  |
| State the income elasticity of demand incase of inferior goods | inelastic | zero | negative | between 0 and 1 | 3 |  |
| Identify the reason for U-shaped AC and MC curves | Law of diminishing returns | Law of marginal utility | Law of utils | Law of variable proportions | 4 |  |
| State the position of average fixed cost as output increases | remains constant | starts falling | starts rising | none | 2 |  |
| Identify the shape of total fixed cost | rectangular hyperbola | bell-shaped | inverted L-shaped | straight line parallel to horizontal axis | 4 |  |
| Interest on borrowed capital is expressed as | Variable cost | Fixed Cost | Marginal Cost | Opportunity Cost | 2 |  |
| State how cadbury chocolates which has many substitutes would affect demand | demand will be inelastic | demand will be elastic | demand will be unbothered | None of the above | 2 |  |
| Classify land, buildings and factory fixed equipment as | tangible asset | non-tangible assets | financial asset | finanacial liability | 1 |  |
| Calculate C, if w=100 and L=5 and K=2 and r=2000 | 4500 | 3500 | 2500 | 4000 | 1 |  |
| Choose the correct option: If the price of pepsi decreases relative to the price of coke and 7up, the demand for | coke will decrease | 7up will decrease | coke and 7up will increase | coke and 7 up will decrease | 1 |  |
| Determine the graphical representation of a decrease in demand | a leftward shift in the demand curve | a rightardshift in the demand curve | upward movement along the demand curve | downward movement along the demand curve | 1 |  |
| Determine the demand for the good if price elasticity of demand for a good is 0.75 | Elastic | Inelastic | Perfectly inelastic | Unitary elastic | 2 |  |
| Write the amount of output, when TC= TFC | 2 | 0 | 10 | 100 | 2 |  |
| Calculate the principal amount of an investment compounded annually at 10%p. amount received at the end of 4 years being Rs. 29,282 | Rs.20,200 | Rs.20,000 | Rs.22,000 | None of these | 3 |  |
| Choose the reason for downward sloping demand curve | income effect | law of diminishing marginal utility | giffen paradox | Both 1 & 2 | 4 |  |
| The imposition of heavy taxes on a commodity will \_\_\_\_\_\_\_\_\_\_ the supply | increase | decrease | no change | Both 1 & 2 | 2 |  |
| Calculate percentage change in price, if percentage change in quantity demanded is 5 and elasticity of demand is 0.5 | 10 | 5 | 2.5 | 0.5 | 1 |  |
| Determine the slope of the demand curve for inferior good | negative | positive | zero | undefined | 1 |  |
| Choose the cause of the demand-pull inflation | increase in money supply | increase in population | higher taxes | Both 1 & 2 | 1 |  |
| Determine AVC if TC = 300+2Q | 2 | 300 | 100 | none of the these | 1 |  |
| A government resorts to \_\_\_\_\_\_\_\_\_ to reduce inflation | cuts in government spending | increase in government expenditure | reduction in repo rate | none of the above | 1 |  |
| In product market money flows from \_\_\_\_\_\_\_\_\_. | individual to firm | business to households | government to households | none of these | 1 |  |
| Choose the meaning of economies of scale | the unit cost of production | the unit cost of distribution | the total cost of production | the total cost of distribution | 1 |  |
| Relate the situation when too much money is chasing too few goods | deflation | inflation | recession | stagflation | 2 |  |
| Explain the demand curve for a giffen good | positive slope | negative slope | hotrizontal line | vertical line | 1 |  |
| Determine prime cost is equal to | variable cost plus administrative cost | variable cost plus fixed cost | variable cost only | fixed cost only | 3 |  |
| Derermine the cost that has been incurred and cannot be recovered | variable cost | opportunity cost | sunk cost | operational cost | 3 |  |
| Choose the type of goods consisting of seawater, fresh air | giffen goods | inferior goods | free goods | normal goods | 3 |  |
| Choose the correct option: due to a reduction in the bank rate | credit will increase | credit will decrease | credit will remain constant | none of the above | 1 |  |
| Predict if there is an excess supply, then price | falls | rises | constant | fluctuate | 1 |  |
| Determine AC=MC when | AC is constant | AC is maximum | MC is maximum | none of the above | 1 |  |
| Develop long run average cost curve from | MC | Future cost | short run average cost curve | none of the above | 3 |  |
| Explain the long run period | all resources are fixed | the level of output is fixed | the size of the production plant is variable | Some resources are fixed and others are variable | 3 |  |
| Recognize the result for high inflation in the economy | increase in supply of money | decrease in supply of money | no change in supply of money | none of the above | 1 |  |
| If a machine whose original cost is ₹40,000 having accumulated depreciation ₹12,000, were sold for ₹34,000, then determine while preparing Cash Flow Statement its effect on cash flow will be | Cash flow from financing activities ₹34,000 | Cash flow from financing activities ₹6,000 | Cash flow from investing activities ₹34,000 | Cash flow from investing activities ₹6,000 | 3 |  |
| Choose at which Internal Rate of Return (IRR) is the discount rate | NPV>0 | NPV<0 | NPV=0 | None of these | 3 |  |
| Calculate break-even sales if fixed cost is Rs 20,000, P/V ratio is 40 % | Rs 45,000 | Rs 60,000 | Rs 50,000 | None of these | 3 |  |
| Choose the correct option: A decrease in sales price | increases the break-even point | decreases the break-even point | does not affect the break-even point | None of these | 1 |  |
| If the inflation rate is 6% per year and the market interest rate is known to be 15% per year. Calculate the implied real interest rate in this inflationary economy | 11.45% | 9% | 8.49% | 8% | 3 |  |
| Determine the value of the future worth, if the present worth of an alternative is 0 | FW<0 | FW=0 | FW>0 | cannot be determined without cash flows | 2 |  |
| A machine worth Rs 1, 00,000 is purchased by paying Rs 20,000 down payment and 12 monthly installments of Rs 8000 each. Calculate the book cost during purchase | Rs 1,00,000 | Rs 8000 | Rs 80,000 | Rs 12,000 | 1 |  |
| The price elasticity of demand is 0.5. If the percentage change in quantity demanded is 5, calculate the percentage change in price | 10 | 5 | 2.5 | 0.5 | 1 |  |
| Choose the reason for falling LAC as output expands | Law of variable proportions | Law of diminishing returns | Economies of scale | Diseconomies of scale | 3 |  |
| A firm's average fixed cost is Rs 20 at 6 units of output. Calculate AFC at 4 units of output | Rs 60 | Rs 30 | Rs 40 | Rs 20 | 2 |  |
| If total cost at 10 units is Rs 600 and Rs 640 for 11th unit. Estimate the marginal cost of 11th unit | Rs 20 | Rs 30 | Rs 40 | Rs 50 | 3 |  |
| Calculate total cost of production of 20 units, if fixed cost is Rs 5000 and variable cost is Rs 2 | 4040 | 5040 | 6040 | 5020 | 2 |  |