

**Pune Vidyarthi Griha's  
College Of Science and Technology  
T.Y.Bcom ( Semester-V)  
Subject: Business Economics**

**Sample QP**

**Multiple Choice Questions:**

1. What percentage of Indian GDP is contributed by the service sector?
  - A. 25 % of GDP
  - B. 60 % of GDP
  - C. 53% of GDP
  - D. 49 % of GDP
2. Economic models:
  - a. Emphasize basic economic relationships by abstracting from the complexities of the real world.
  - b. Are limited to variables that are positively related to one another.
  - c. Are of limited use because they cannot be tested empirically.
  - d. Are unrealistic as they cannot accurately predict the future
3. For economists, statements about the world are of two types:
  - a. Assumptions and theories.
  - b. Positive statements and negative statements.
  - c. Positive statements and normative statements.
  - d. Specific statements and general statements
4. The opportunity cost of going to university is
  - a. The total spent on food, clothing, books, transportation, tuition, lodging and other expenses
  - b. Zero for students who are fortunate enough to have all of their university expenses paid by someone else
  - c. Zero, since a university education will allow a student to earn a higher income after graduation
  - d. The value of the best opportunity a student gives up to attend university
5. Which of the following sector does not come under the service sector in India?
  - A. Real estate
  - B. Transport

- C. Restaurants & hotels
  - D. Formation of electronic television
6. Which one of the following is not an instrument of credit control in the banking system?
- A. Open market operations
  - B. Cash Reserve Ratio
  - C. Tax rates
  - D. All of the above
7. In a market economy:
- a. Households decide which firms to work for and what to buy with their incomes.
  - b. Profit and self-interest guide the decisions of firms and households.
  - c. Firms decide whom to hire and what to produce.
  - d. All of the above are true
8. The difference between the values of final production and value of the inputs is called:
- a. The gross product of the final goods and services.
  - b. The value added of the final goods and services
  - c. The profit of the final goods and services
  - d. The surplus of the final goods and services
9. One of the items is not related with e-banking
- A. Demand draft
  - B. SPMS
  - C. ECS
  - D. ATM
10. Which activity is termed as activity of tertiary sector?
- A. Wheat production
  - B. Mobile production
  - C. Construction of a dam
  - D. Fishing
11. Real GDP is-----.
- a. Production of foods and service valued at constant prices
  - b. Production of foods and service valued at future-year prices.
  - c. Production of foods and service valued at current-year prices

d. Production of foods and service valued at Ratio of current-year prices to constant prices<sup>9</sup>

12. Which of the following industry is known as sun rising industry?

- A. Dairy industry
- B. Information Technology
- C. Health and clinic

13. If a borrower and lender agree to an interest rate on a loan when inflation is expected to be 5% and inflation turns out to be 9% over the life of the loan, then the borrower \_\_\_ and the lender \_\_\_.

- a. Gains; gains.
- b. Loses; gains.
- c. Loses; loses.
- d. Gains; loses.

14. Purchasing power parity describes the forces that determine-----.

- a. Exchange rates in the short run.
- b. Prices in the short run
- c. Prices in the long run.
- d. Exchange rates in the long run

15. David's 1965 salary was \$15 000. The CPI is 27 for 1965, and 150 for 2015. What is David's salary in 2015 dollars?

- a. \$45 000.
- b. \$25 000.
- c. \$83 333
- d. \$33 333

16. If net exports are negative, the country has a:

- a. Trade balance.
- b. Trade Surplus.
- c. Trade Deficit.
- d. Budget surplus.

17. Which of the following is used for International Monetary Transfer?

- A. RTGS
- B. NEFT
- C. SWIFT

D. ECS

18. Net foreign investment measures:

- a. Foreign assets held by domestic residents.
- b. Investment plus saving
- c. The imbalance between the amount of foreign assets bought by domestic residents and the amount of domestic assets bought by foreigners .

19. What is the current rate of service tax in India currently?

- A. 12.5%
- B. 13.5%
- C. 14%
- D. 14. %

20. How many services (till 2012) are included in the service tax currently in India?

- A. 119
- B. 110
- C. 98
- D. 85