

WORK SHEET
UNIT-I

1. The primary objective of a business firm is to:
A) Provide employment
B) Maximize profit
C) Increase production only
D) Reduce costs only
Answer: B) Maximize profit
2. Which theory explains how firms make decisions regarding output and pricing?
A) Theory of Demand
B) Theory of Firm
C) Theory of Production
D) Theory of Consumption
Answer: B) Theory of Firm
3. Which of the following is a type of business entity?
A) Sole proprietorship
B) Partnership
C) Company
D) All of the above
Answer: D) All of the above
4. In a Limited Liability Company, liability of owners is:
A) Unlimited
B) Limited to their investment
C) Equal to company profits
D) Fixed by government
Answer: B) Limited to their investment
5. Which of the following is a conventional source of finance?
A) Equity shares
B) Venture capital
C) Crowdfunding
D) Angel investors
Answer: A) Equity shares
6. Venture capital is considered as:
A) Traditional finance
B) Non-conventional finance
C) Government finance
D) Internal finance
Answer: B) Non-conventional finance
7. Economics is the study of:
A) Wealth only
B) Resources and their allocation
C) Money only
D) Production only
Answer: B) Resources and their allocation

WORK SHEET

8. Microeconomics deals with:
- A) Entire economy
 - B) Individual units
 - C) Government policy
 - D) National income
- Answer:** B) Individual units
9. Macroeconomics deals with:
- A) Individual consumer behavior
 - B) Firm decisions
 - C) Entire economy
 - D) Product pricing
- Answer:** C) Entire economy
10. National income represents:
- A) Income of individuals only
 - B) Total income of a country
 - C) Government income only
 - D) Export earnings
- Answer:** B) Total income of a country
11. Inflation refers to:
- A) Decrease in prices
 - B) Increase in prices
 - C) Stable prices
 - D) Decrease in income
- Answer:** B) Increase in prices
12. Excess money supply leads to:
- A) Deflation
 - B) Inflation
 - C) Stability
 - D) Depression
- Answer:** B) Inflation
13. The business cycle consists of:
- A) One phase
 - B) Two phases
 - C) Four phases
 - D) No phases
- Answer:** C) Four phases
14. Which is not a phase of business cycle?
- A) Expansion
 - B) Peak
 - C) Decline
 - D) Isolation
- Answer:** D) Isolation
15. Business economics is:
- A) Pure theory
 - B) Application of economic principles in business

WORK SHEET

C) Study of markets only

D) Study of government only

Answer: B) Application of economic principles in business

FILL IN THE BLANKS

1. The structure of a business firm depends on its _____ and ownership.

Answer: size

2. In a limited liability company, owners have _____ liability.

Answer: limited

3. Equity shares are a source of _____ finance.

Answer: capital

4. Venture capital is a _____ source of finance.

Answer: non-conventional

5. Microeconomics studies _____ units of the economy.

Answer: individual

6. Macroeconomics studies the _____ economy.

Answer: entire

7. National income is the total _____ of a country.

Answer: income

8. Inflation is a general rise in _____.

Answer: prices

9. The business cycle includes expansion, peak, recession, and _____.

Answer: depression

10. Business economics has a _____ nature involving multiple disciplines.

Answer: multidisciplinary



NRCM

your roots to success...