UNIT-I: Introduction to Business and Economics

Part A: Fill in the Blanks (10)

1. A __________ is an organization engaged in commercial activities.
   Answer: Business
2. The __________ explains how firms make production and pricing decisions.
   Answer: Theory of Firm
3. Companies with limited liability protect the personal __________ of owners.
   Answer: Assets
4. Venture capital is a __________ source of finance.
   Answer: Non-conventional
5. __________ economics studies individual consumers and firms.
   Answer: Micro
6. __________ economics deals with the economy as a whole.
   Answer: Macro
7. The total value of goods and services produced in a country is called __________.
   Answer: National Income
8. A continuous increase in the general price level is known as __________.
   Answer: Inflation
9. Business cycles consist of __________ phases.
   Answer: Four
10. Business Economics is __________ in nature.
    Answer: Multidisciplinary

Part B: Multiple Choice Questions (10)

1. Which of the following is a business entity?
   a) Partnership
   b) Company
   c) Sole Proprietorship
   d) **All of the above**
   Answer: d
2. Limited liability means:
   a) Unlimited personal responsibility
   b) Liability limited to investment
   c) No liability

d) Government liability
Answer: b

3. Which is a non-conventional source of finance?
   a) Bank Loan
   b) Debenture
   c) Venture Capital
   d) Equity Share
   Answer: c
4. Microeconomics mainly studies:
   a) National income
   b) Inflation
   c) Individual consumers and firms
   d) Foreign trade
   Answer: c
5. Macroeconomics deals with:
   a) Individual firms
   b) Entire economy
   c) Single consumer
   d) Household budget
   Answer: b
6. Inflation refers to:
   a) Fall in prices
   b) Rise in general price level
   c) Increase in production
   d) Decrease in money supply
   Answer: b
7. The peak phase of a business cycle is called:
   a) Depression
   b) Recovery
   c) Prosperity
   d) Recession
   Answer: c
8. National Income measures:
   a) Government expenditure only
   b) Total production of goods and services
   c) Imports only
   d) Exports only
   Answer: b
9. The role of a Business Economist is to:
   a) Prepare legal documents
   b) Assist business decision-making
   c) Audit accounts
   d) Collect taxes
   Answer: b
10. Business Economics combines:
    a) Economics and Business Management
    b) Biology and Economics
    c) Physics and Commerce
    d) Mathematics only
    Answer: a