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Maximum Weight : 5

MCQ—ECONOMICS OF FINANCIAL MARKETS

Section II

[TO BE ATTACHED TO THE MAIN ANSWER-BOOK]

UG CBCSS INTERNAL EXAMINATION, JUNE 2026

DO NOT WRITE YOUR REGISTER NUMBER OR NAME ANYWHERE IN SECTION II OF THE QUESTION PAPER

*Answer all questions.
All questions carry equal weight.
Put a tick mark [✓] in the column against the correct answer.*

1. Business economics is the application of _____ to business management.

(A) Commerce.

☐

(B) Management.

☐

(C) Economics.

☐

(D) Finance.

☐

2. Market in which securities are issued for the first time is _____.

(A) Secondary market.

☐

(B) Primary market.

☐

(C) Tertiary market.

☐

(D) Money market.

☐

3. Market in which prices of shares are going down is called _____.

(A) Bull market.

☐

(B) Bear market

☐

(C) Stock market.

☐

(D) Capital market.

☐

4. Entry preventing price is called _____.

(A) Limit price.

☐

(B) Full cost price.

☐

(C) Penetration price.

☐

(D) Psychological price.

☐

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5. Other things remaining the same, the quantity of a product demanded increases with _____ in price

- | | | | |
|----------------|--------------------------|------------------------|--------------------------|
| (A) Increase. | ☐ | (B) Decrease. | ☐ |
| (C) Variation. | ☐ | (D) None of the above. | ☐ |

6. Relation between price of a commodity and demand for another commodity is measured by :

- | | | | |
|-----------------------|--------------------------|---------------------------------|--------------------------|
| (A) Price elasticity. | ☐ | (B) Income elasticity. | ☐ |
| (C) Cross elasticity. | ☐ | (D) Elasticity of substitution. | ☐ |

7. A fall in the price of the commodity whose demand curve is a rectangular hyperbola causes total expenditure on the commodity :

- | | | | |
|------------------------|--------------------------|------------------------|--------------------------|
| (A) Increases. | ☐ | (B) Decreases. | ☐ |
| (C) Remains unchanged. | ☐ | (D) None of the above. | ☐ |

8. An increase in the price of the commodity when demand is inelastic causes the total expenditure of consumers of the commodity to :

- | | | | |
|------------------------|--------------------------|-----------------------|--------------------------|
| (A) Increase. | ☐ | (B) Decrease. | ☐ |
| (C) Remains unchanged. | ☐ | (D) Any of the above. | ☐ |

9. Most common form of price discrimination is :

- | | |
|---|--------------------------|
| (A) First degree price discrimination. | ☐ |
| (B) Second degree price discrimination. | ☐ |
| (C) Third degree price discrimination. | ☐ |
| (D) Fourth degree price discrimination. | ☐ |

10. If the amount of the commodity purchased remains unchanged when the price of another commodity changes, the cross elasticity of demand between them will be :

- | | | | |
|---------------|--------------------------|---------------|--------------------------|
| (A) Positive. | ☐ | (B) Negative. | ☐ |
| (C) Zero. | ☐ | (D) One. | ☐ |





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11. A fall in income of the consumer, other things being equal, causes.

(A) Increase in demand.

☐

(B) Decrease in demand.

☐

(C) Increase in quantity demanded.

☐

(D) Decrease in quantity demanded.

☐

12. Cross elasticity of demand in the case of substitutes.

(A) Zero.

☐

(B) Negative.

☐

(C) Positive.

☐

(D) Infinity.

☐

13. Planning for future is also called :

(A) Logistic planning.

☐

(B) Capital planning.

☐

(C) Forward planning.

☐

(D) None of the above.

☐

14. The cost of next best alternative is called _____.

(A) Opportunity cost.

☐

(B) Marginal cost.

☐

(C) Total cost.

☐

(D) Sink cost.

☐

15. Who is the author Principles of Economics ?

(A) Adam Smith.

☐

(B) Alfred Marshall.

☐

(C) J M Keynes.

☐

(D) Friedman.

☐

16. Production function shows _____ relation between input and output.

(A) Technical.

☐

(B) Functional.

☐

(C) All of the above.

☐

(D) None of the above.

☐

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17. Value of money ————— when there is inflation.

(A) Increase. ☐ (B) Stagnant. ☐

(C) Decrease. ☐ (D) Zero. ☐

18. The operating period in which all factors of production are variable is called :

(A) Short run. ☐ (B) Long run. ☐

(C) Medium run. ☐ (D) None of the above. ☐

19. An example of negative externality is :

(A) Output. ☐ (B) Sales. ☐

(C) Pollution. ☐ (D) Profit. ☐

20. Computation of future value of money is called :

(A) Discounting. ☐ (B) Compounding. ☐

(C) Adding up. ☐ (D) Forecasting. ☐

No. of MCQs attempted

Weight Scored

(To be entered by the examiner)

No. of MCQs not attempted

**ATTACH SECTION II INTERNAL EXAMINATION MCQ PAPER WITH
THE MAIN ANSWER-BOOK**

