(GCF-1, GCF-3, GCF-5 to GCF-7, SCF-1 &SCF-3 andVCF-1 &VCF-3)

TIMING: 2 Hours

Test Booklet No.– 110011 **DATE: 30.10.2018** **MAXIMUM MARKS: 100**

PAPER: ECONOMICS AND BUSINESS & COMMERCIAL KNOWLEDGE

(1) Ans. d
Explanation:
Accounting profit = Total Revenue – Accounting Cost

(2) Ans. b
Explanation:
It is assumed in economic theory that the ultimate goal of the firm is to maximise profits, regardless of firm size or type of business organisation.

(3) Ans. c
Explanation:
F Curve is MR Curve for the firm.

(4) Ans. c
Explanation:
Economic profit = Total Revenue – Economic Cost or Total Revenue > Economic Cost

(5) Ans. d
Explanation:
Competitive firm never seeks to discriminate prices.

(6) Ans. c
Explanation:
In the long runBoth demand and supply can change.

(7) Ans. c
Explanation:
In market, the price output equilibrium is determined byMarginal cost curve and marginal revenue curve .

(8) Ans. d
Explanation:
Absence of transport cost is not an essential condition of pure competition.

(9) Ans. a
Explanation:
Monopolistic competition differs from perfect competition primarily because in monopolistic competition, firms can differentiate their products.

(10) Ans. c
Explanation:
Price discrimination is feature of monopoly.

(11) Ans. a
Explanation:

TC – TFC = TVC
150 – 40 = 110

(12) Ans. c
Explanation:
MC = $\frac{DTC}{DQ} = \frac{30}{1} = 30$

(13) Ans. a
Explanation:
AVC = $\frac{TVC}{Q} = \frac{54}{3} = 18$

(14) Ans. b
Explanation:
TFC + TVC = TC
40 + 36 = 76

(15) Ans. d
Explanation:
If the average cost is falling, thenit is impossible to tell if marginal cost is rising or falling.

(16) Ans. d
Explanation:
Variable cost increases continuously with the increase in production.

(17) Ans. c
Explanation:
Normative Statement always say about what should be and what should be not.

(18) Ans. d
Explanation:
Value judgement always involves what is right and what is wrong.

(19) Ans. c
Explanation:
Economics is the study ofHow society manages its scarce resources.

(20) Ans. c
Explanation:
The costs of production and bank opening hours do not directly affect the demand curve.

(21) Ans. d
Explanation:
Because demand is perfectly elastic.

(22) Ans. b

Explanation:
If demand is elastic then price cuts will increase spending.

(23) Ans. d
Explanation:
All the statement are right.

(24) Ans. c
Explanation:
Because an Indifference curve shows different combinations of two goods with same level of satisfaction.

(25) Ans. c
Explanation:
Utility means satisfaction of good.

(26) Ans. b
Explanation:
Because in ordinal approach a consumer never measure total utility.

(27) Ans. c
Explanation:
Consumer surplus = what a consumer is ready to pay – what he actually pay.
= 320 – 180 = 140

(28) Ans. c
Explanation:
Because in case of two perfect substitutes indifference curve are downwards slopping straight line.

(29) Ans. a
Explanation:
When supply of a commodity increases due to increase in price then called expansion of supply.

(30) Ans. b
Explanation:
Because reduction in tax is a economies of scale.

(31) Ans. d

(32) Ans. d
Explanation:
Because internal and external economies and diseconomies help us to understand returns to scale.

(33) Ans. d
Explanation:
Economic, Social and National objective of the objective of entrepreneur

(34) Ans. a
Explanation:
Creation of utility is production in economics.

(35) Ans. b
Explanation:
Dumping is an example ofPrice Discrimination.

(36) Ans. b
Explanation:
Opportunity cost isthat which we forgo, or give up, when we make a choice or a decision.

(37) Ans. b
Explanation:
An upward shift in marginal cost reduces output and an upward shift in marginal revenue increases output.

(38) Ans. d
Explanation:
Firms are assumed to minimize costs and to maximize profits.

(39) Ans. c
Explanation:
The opportunity cost of a student iswhat the student could have earned in the best job available by not studying.

(40) Ans. c
Explanation:
Advertisement cost,Offer discount to customersand Incentive to dealers are selling expenses.

(41) Ans. a
Explanation:
MC $= \frac{\Delta TC}{\Delta Q}$ So

ΔTC = MC × ΔQ
= 30 × 2 = 60

(42) Ans. d
Explanation:
Absence of transport costis not an essential condition of pure competition.

(43) Ans. a
Explanation:
Firm should expand output when Marginal revenue is greater than marginal cost.

(44) Ans. a
Explanation:

Under Monopoly, price discrimination depends upon Elasticity of demand for commodity.

(45) Ans. b
Explanation:
Equilibrium is defined as a situation inNeither buyers nor sellers want to change their behaviour.

(46) Ans. d
Explanation:
A non discriminating monopolist will find that marginal revenueis less than average revenue or price.

(47) Ans. a
Explanation:
If firms can neither enter nor leave an industry, the relevant time period isShort run.

(48) Ans. b
Explanation:
The profit maximizing condition for monopolist in two market, A and B is $MC = MR_a = MR_b$.

(49) Ans. d
Explanation:
The monopolist can fix any price for his product, but cannot determine Demand of his product.

(50) Ans. d
Explanation:
When price for a firm is less than average total cost but greater than average variable cost thanContinue in short run to reduce losses.

(51) Ans. c
Explanation:
Dumping is related to which marketmonopoly.

(52) Ans. b
Explanation:
Exploitation and inequality are maximum underCapitalism.

(53) Ans. a
Explanation:
In a Mixed Economy, Industries in Private Sector have profit motive only as their objective and driving force.

(54) Ans. b
Explanation:
The Cardinal Approach to Utility assumes Marginal Utility of Money isConstant.

(55) Ans. a

Explanation:
The concept of Consumer Surplus arises due to the reason thatMU is initially higher than Price.

(56) Ans. a
Explanation:
MRS decrease as we go down the CurveIndifference Curve Analysis approach operate

(57) Ans. c
Explanation:
The responsiveness of a good's demand to changes in the Firm's spending on advertising is calledAdvertisement elasticity

(58) Ans. c
Explanation:
If Cross Elasticity of Demand = Zero, it means that the goods areUnrelated Goods.

(59) Ans. b
Explanation:
The method in which future demand is estimated by conducting market studies and experiments on consumer behaviour is known asMarket Experiment Method.

(60) Ans. b
Explanation:
Economic indicators in demand forecasting is calledBarometric method.

(61) Ans. c
Explanation:
Driven by emotions and sentimentsis not an economic activity.

(62) Ans. d
Explanation:
Productive activity means production of goods for self, family and market.

(63) Ans. d
Explanation:
Demerits of a Sole Proprietorship is Unlimited liability, Uncertain business life and Limited scope for expansion

(64) Ans. a
Explanation:
Anshula Kant is the present CFO of SBI.

(65) Ans. d
Explanation:
California is the Headquarter of HP located.

(66) Ans. a
Explanation:
Asian Paints operates in 19 countries.

(67) Ans. a
Explanation:
Tim Cook is the Present CEO of Apple.

(68) Ans. d
Explanation:
Perceiving the needs of the external environment and catering to them, satisfying the expectations and demands of the clientele groups isInteraction process.

(69) Ans. a
Explanation:
Process of strategy formulation starts withAppraisal of external and internal environment of the of an organization.

(70) Ans. d
Explanation:
Maturity Level of the market, Cost Structure of the market and Price Sensitivity of the market issues should be considered while analyzing the market.

(71) Ans. b
Explanation:
The RBI has been vested with extensive power to control and supervise commercial banking system under the Reserve Bank of India Act, 1934.

(72) Ans. a
Explanation:
Urjit Patel is the RBI's present Governor.

(73) Ans. c
Explanation:
Section 14 IRDAI Act, 1999 lays down the duties, powers and functions of IRDAI.

(74) Ans. a
Explanation:
A chairperson and 6 members appointed by the Central Governmentis the constitution of Competition Commission of India.

(75) Ans. c
Explanation:
It has the responsibility for controlling the country’s EXIM Policyis not correct about RBI.

(76) Ans. c
Explanation:
Carrying forward of transaction form one settlement period to the next without effecting delivery or payment is calledBadla.

(77) Ans. b
Explanation:

A free allotment of shares made in proportion to existing shares out of accumulated reserves is calledBonus.

(78) Ans. c
Explanation:
A type of debt instrument that is not secured by physical assets or collateral isPromissory Note.

(79) Ans. c
Explanation:
Any goods that are stored, delivered and used in its electronic format Digital Goods.

(80) Ans. a
Explanation:
FMCG stands forFast Moving Consumer Goods.

(81) Ans. c
Explanation:
A third party commercial operation established by two or more firms to pursue a particular market, resource supply, or other business opportunity is calledJoint Venture.

(82) Ans. a
Explanation:
Rate at which the Central Bank in the discharge of its function as Banker's Bank lends to the commercial banks is calledBank Rate.

(83) Ans. b
Explanation:
A limit that regulates the increase or decrease in the rate of interest and installments of an adjustable rate mortgage is calledCap.

(84) Ans. c
Explanation:
Economic insolvency, wherein the person's assets are liquidated, to pay of all liabilities is calledBankruptcy.

(85) Ans. a
Explanation:
A portion of the after tax profits paid out to the owners of a business as a return on their investment is Dividend.

(86) Ans. d
Explanation:
ChandaKochar is the former chairman of ICICI Bank.

(87) Ans. d
Explanation:
Sunfeast, Engage and Fiama are FMCG Product of ITC.

(88) Ans. a
Explanation:
Indane LPG is the product of which corporation in IndiaIOCL.

(89) Ans. a
Explanation:
Methods of production is not characterize the Business Environment

(90) Ans. a
Explanation:
Fixed Deposit is a kind of bank deposit which the investor is not able to withdraw, before a timefixed whenmaking the deposit.

(91) Ans. c
Explanation:
"Demographics" denote Characteristics of population.

(92) Ans. c
Explanation:
Privatization may have an adverse effect onEmployee morale generating fear of dislocation or termination.

(93) Ans. a
Explanation:
A reduction in the price of goods given to encourage sale on case basisis called cash discount.

(94) Ans. c
Explanation:
IRDAI constituted in 1999.

(95) Ans. c
Explanation:
Reserve Bank of Indiais the custodian of the nation's foreign exchange reserves.

(96) Ans. a
Explanation:
EXIM Bank acts as an apex Banking Institution inForeign Trade.

(97) Ans. a
Explanation:
A financial expression of the value of that product is calledPrice.

(98) Ans. a
Explanation:
A signed instrument of acknowledgment that indicates the approval is called Acceptance.

(99) Ans. d
Explanation:

In India, Foreign Investments is prohibited in Chit Funds, Real Estate and Cigar manufacturing.

(100) Ans. d
Explanation:
FIPB stands for Foreign Investment Promotion Board.

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