(ALL CA FOUNDATION BATCHES)

DATE: 07.11.2020 **MAXIMUM MARKS: 100** **TIMING: 2 Hours**

ECONOMICS AND COMMERCIAL KNOWLEDGE

All Questions is compulsory.

(1) Ans. c
Explanation:
Because normative economics is always related to value judgement.

(2) Ans. c
Explanation:
Because inflation is a subject matter of macro economics.

(3) Ans. b
Explanation:
Fish is substitutes of Chicken and when price of chicken increases then demand for fish increases and due to increase in demand without change in price then demand curve shift rightward.

(4) Ans. d
Explanation:
As market is a combination of different elements & mixed economy is intervention of Government & Private Sector.

(5) Ans. c
Explanation:
Mixed economy means Co-existence of public and private sectors.

(6) Ans. a
Explanation:
Since positive economics explains economic phenomena according to their causes and effects.

(7) Ans. c
Explanation:
Demand has reference to a given price and particular time.

(8) Ans. d
Explanation:
Demand can be defined as desire and willingness to buy backed by adequate purchasing power.

(9) Ans. d
Explanation:
The law of demand is the one which is of fundamental importance and leads to broad conclusions.

(10) Ans. c
Explanation:
Factor pricing is the subject matter of micro economics.

(11) Ans. b
Explanation:
Point Method is used when there are small changes in price.

(12) Ans. a
Explanation:
The cost incurred for the welfare of society, is known as social cost.

(13) Ans. c
Explanation:
Since percentage change in output is less than percentage change in input.

(14) Ans. b
Explanation:
Economics is not a perfect science because economics is science as well as arts

(15) Ans. a
Explanation:
Contraction is supply means "Decrease in quantity supplied is due to decrease in price of goods concern."

(16) Ans. b
Explanation:
Utility hypothesis forms the basis for the theory of consumer's behaviour, because utility of good determines that a consumer will purchase the good or not.

(17) Ans. a
Explanation:
Marginal Utility of a commodity depends on its quantity and is Inversely proportional to its quantity because when quantity increases than marginal utility decreases

(18) Ans. b
Explanation:
The Law of Demand is a qualitative statement

(19) Ans. c
Explanation:
Since an economy which is operated by market forces is known as market economy.

(20) Ans. d
Explanation:
Since price theory comes under microeconomics.

(21) Ans. b
Explanation:
Since $MU_n = TU_n - TU_{n-1}$

(22) Ans. c
Explanation:
Since TU ↓ than MU is negative.

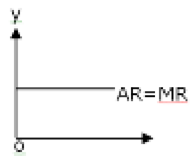
(23) Ans. d

Explanation:
Since P ↑ Qd ↓.

(24) Ans. c
Explanation:
Since in longer time $E_s>1$.

(25) Ans. b
Explanation:
Since when AP is falling (AP > MP).

(26) Ans. b
Explanation:
Since in perfect competition AR=MR



(27) Ans. a
Explanation:
Since excess supply reduces equilibrium price.

(28) Ans. d

(29) Ans. a
Explanation:
Since consumer is king under capitalism.

(30) Ans. b
Explanation:
Since trend projection is classical method.

(31) Ans. c
Explanation:

$$E_s = \frac{dq}{dp} \times \frac{p}{q}$$

Since $\frac{dq}{dp} = 20 \quad P = 20\ Rs.$

$$q = -100 + 20\ (20)$$

$$q = 300$$

$$E_s = 20 \times \frac{20}{300}$$

$$E_s = 1.33$$

(32) Ans. a
Explanation:
Since factors of production are called input.

(33) Ans. d

Explanation:
Since all are correct about labour.

(34) Ans. c
Explanation:
Since private cost can be both explicit and implicit in nature.

(35) Ans. c
Explanation:
$AFC = \frac{TFC}{Q}$ If there is no production then TC is TFC only since TVC is zero

$SO \quad \frac{200}{5} = 40\,Ans.$

(36) Ans. a

(37) Ans. d
Explanation:
Since upswing is also called expansion.

(38) Ans. b
Explanation:
Since lagging indicators change after the real output changes.

(39) Ans. c

(40) Ans. b

(41) Ans. b
Explanation:
Since red tapism is found in socialistic economy.

(42) Ans. a
Explanation:
Since capital intensive technique is used in capital surplus economy.

(43) Ans. b
Explanation:
Since in monopoly elasticity is e < 1.

(44) Ans. a
Explanation:
Since elasticity of supply of industrial products is highly elastic.

(45) Ans. a
Explanation:
Since cross elasticity of supply in substitute goods is negative.

(46) Ans. d
Explanation:
Since wants includes all.

(47) Ans. d
Explanation:
Since land possess all of the above mentioned features.

(48) Ans. b
Explanation:
Since stage II is considered as best producer stage.

(49) Ans. d
Explanation:
Micro Economics deals with Consumer Behaviour.

(50) Ans. b
Explanation:
Continuous Consumption is an assumption of Law of Diminishing Marginal Utility.

(51) Ans. a
Explanation:
Consumer is in equilibrium when Marginal Utility = Price.

(52) Ans. d
Explanation:
Only one commodity is considered for the purposes of analysis is not an assumption in consumer equilibrium analysis under Indifference Curve Approach

(53) Ans. c
Explanation:
Purchasing Power refers to Ability to buy the product.

(54) Ans. b
Explanation:
When a consumer prefers a commodity due to prestige attached to it, it is known as Demonstration Effect.

(55) Ans. b
Explanation:
In normal circumstances, if Government increases the tax on any product, the demand for the product Decreases in the short run.

(56) Ans. a
Explanation:

$$\frac{q_1 - q_2}{q_1 + q_2} \times \frac{p_1 + p_2}{p_1 - p_2}$$

$$\frac{30{,}000 - 20{,}000}{30{,}000 + 20{,}000} \times \frac{300 + 400}{300 - 400}$$

$$\frac{10{,}000}{50{,}000} \times \frac{700}{100} = \frac{7}{5} = 1.4$$

(57) Ans. d

Explanation:
ATC × Q = TC
600×10 = 6000
640×11 = 7040
MC = $\frac{\Delta TC}{\Delta Q} \frac{1040}{1} = 1040$

(58) Ans. d
Explanation:
In syndicated oligopoly the products are sold through a centralized body.

(59) Ans. c
Explanation:
The trough of a business cycle occurs when Aggregate economic activity hits its lowest point.

(60) Ans. a
Explanation:
The different phases of a business cycle do not have the same length and severity.

(61) Ans. c
Explanation:
Business and technology are interrelated and Interdependent.

(62) Ans. b
Explanation:
Consumer buying patterns is not a part of the economic environment.

(63) Ans. a
Explanation:
My customer First is the vision of SBI.

(64) Ans. c
Explanation:
In Delegation government keeps hold of responsibility and private enterprise handles the management of it fully or partly.

(65) Ans. c
Explanation:
One member of SEBI should be from RBI.

(66) Ans. b
Explanation:
'Personal selling' is done through oral communication.

(67) Ans. a
Explanation:
Price sensitivity is the effect a change in price will have on customers.

(68) Ans. d

(69) Ans. a
Explanation:
According to Peter Drucker aim of the business is to create and retain customer.

(70) Ans. a

(71) Ans. c

(72) Ans. b

(73) Ans. a
Explanation:
Since in SWOT "S" is Strength
"W" is Weakness
"O" is Opportunity
"T" is Threats.

(74) Ans. a

(75) Ans. c

(76) Ans. d
Explanation:
Since FDI is prohibited in all of the above.

(77) Ans. c

(78) Ans. c

(79) Ans. c

(80) Ans. d

(81) Ans. a
Explanation:
Since diversify is to enhance the range.

(82) Ans. d
Explanation:
Since advertisement is paid communication.

(83) Ans. b
Explanation:
Since bulls expects the stock market to rise.

(84) Ans. c
Explanation:
Since FMCG means "Fast moving consumer goods".

(85) Ans. a

(86) Ans. b

(87) Ans. d

(88) Ans. a

(89) Ans. a

(90) Ans. d
Explanation:
Since black box model is also called feedback model.

(91) Ans. a
Explanation:
Transfer of Interest exists in Business.

(92) Ans. b
Explanation:
The Bank of Rajasthan (BOR) was acquired by ICICI.

(93) Ans. b
Explanation:
Business Environment represents all external forces, factors or conditions that exert some degree of impact on the business decisions, strategies and actions taken by the Firm.

(94) Ans. a
Explanation:
OCBs means Overseas Corporate Bodies.

(95) Ans. c
Explanation:
FEMA replaced FERA as legislation in 1999.

(96) Ans. d
Explanation:
Waiving of farm loans is an example of Distributive Policy

(97) Ans. b
Explanation:
The Lower House in State Legislature Vidhan Sabha.

(98) Ans. a
Explanation:
To charge a regular portion of an expenditure over a fixed period of time is Amortize.

(99) Ans. c
Explanation:
The simultaneous purchase and sale of two identical commodities or instruments is called Arbitrage

(100) Ans. a
Explanation:
Bond is a type of long-term Promissory Note.