(ALL CA FOUNDATION BATCHES)

DATE: 18.01.2021 **MAXIMUM MARKS: 100** **TIMING: 2 Hours**

ECONOMICS AND COMMERCIAL KNOWLEDGE

All Questions is compulsory.

(1) Ans. b
Explanation:
Scarcity in Economics is an relative concept.

(2) Ans. b
Explanation:
Decision making is the process of selecting the appropriate alternative, that will provide the most efficient means of attaining specified objectives, from two or more alternative courses of action available.

(3) Ans. c
Explanation:
Business Economics has a Pragmatic Approach which means it is not Abstract.

(4) Ans. c
Explanation:
The emphasis of Business Economics is More Normative than Positive theory.

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

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

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

(8) Ans. a
Explanation:
Consumer Surplus is the area that Below the Demand curve and above the price.

(9) Ans. b
Explanation:
A Point below the Price Line represents Under-spending by the Consumer.

(10) 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

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

(12) Ans. a
Explanation:
Demand influence most the price level in the very short-run period.

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

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

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

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

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

(18) Ans. d

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

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

(21) Ans. a
Explanation:
MC $= \frac{\Delta TC}{\Delta Q}$ So
ΔTC = MC × ΔQ
= 30 × 2 = 60

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

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

(24) Ans. c
Explanation:
In the long run Both demand and supply can change.

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

(26) Ans. c
Explanation:
Economics is the study of How society manages its scarce resources.

(27) Ans. b
Explanation:
If demand is elastic then price cuts will increase spending.

(28) Ans. d
Explanation:
Utility means satisfaction of good.

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

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

(31) Ans. c
Explanation:
Creation of utility is production in economics.

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

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

(34) Ans. c
Explanation:
Advertisement cost, Offer discount to customers and Incentive to dealers are selling expenses.

(35) Ans. b
Explanation:
Equilibrium is defined as a situation in Neither buyers nor sellers want to change their behaviour.

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

(37) Ans. a

(38) Ans. b

(39) Ans. d

(40) Ans. b
Explanation:
Since there is direct relationship between income and demand

(41) Ans. a
Explanation:
If the proportion of income spent on goods increases as income increases, then the income elasticity for the goods is greater than 1.

(42) Ans. b
Explanation:
Since Elasticity between any two given points of a demand curve is called ARC Elasticity.

(43) Ans. c

(44) Ans. d
Explanation:
Because average of total production can never be zero or negative.

(45) Ans. c

(46) Ans. c

(47) Ans. c
Explanation:
Production function refers to the physical relationship between input & output.

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

(49) Ans. b
Explanation: AVC = TVC / Q
TVC = TC – TFC
TC = 400
TFC = 200
Hence TVC = 200, AVC = 200/10 = 20

(50) Ans. d

(51) Ans. b

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

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

(54) Ans. c
Explanation:
Since its MP sequence is 4, 3, 2.

(55) Ans. c
Explanation:
Since TR↓ an MR is negative.

(56) Ans. d
Explanation:
Since all are known as microeconomics.

(57) Ans. c

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

(59) Ans. c
Explanation:

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

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

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

$$q = 300$$

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

$$E_s = 1.33$$

(60) Ans. b
Explanation:
Since $\frac{\%\ change\ in\ Qd}{\%\ change\ in\ \text{Pr}ice}\ \frac{50\%}{50\%} = 1\%$

and they are opposite in direction hence -1%.

(61) Ans. a

(62) Ans. a

(63) Ans. c

(64) Ans. b

(65) Ans. d

(66) Ans. c

(67) Ans. a

(68) Ans. c

(69) Ans. b

(70) Ans. c

(71) Ans. a
Explanation:
Consumer occupies the central position the marketing environment.

(72) Ans. b
Explanation: The price sensitivity of the market is an important factor of market.

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

(74) Ans. d
Explanation:
Economic environment refers to the nature and direction of the economy in which a company competes or may compete.

(75) Ans. b
Explanation:
Reliance Industries Ltd. incorporated in 1966.

(76) Ans. a
Explanation:
Gail (India) Ltd owns India's largest pipeline network.

(77) Ans. b
Explanation:
Finacle is the Global Banking platform by Edge Verve Systems(Infosys).

(78) Ans. b
Explanation:
Decisions on annual financial spending, Taxes and Duties and Military spending are considered in Budget.

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

(80) Ans. c
Explanation:
Hyundai India Limited came to India through by creating 100% Indian subsidiary.

(81) Ans. b

(82) Ans. a

(83) Ans. b

(84) Ans. d

(85) Ans. b

(86) Ans. a

(87) Ans. c

(88) Ans. a

(89) Ans. d

(90) Ans. a

(91) Ans. c

(92) Ans. c

(93) Ans. b

(94) Ans. c

(95) Ans. a

(96) Ans. b

(97) Ans. a

(98) Ans. b

(99) Ans. c

(100) Ans. b

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