(GCF-2, GCF-3, GCF-3A, GCF-5, GCF-6, GCF-7, GCF-8, GCF-9, GCF-10, GCF-11, GCF-12, GCF-13, VCF-VDCF-1, VCF-VDCF-2)

DATE: 18.11.2022 **MAXIMUM MARKS: 100** **TIMING: 2 Hours**

ECONOMICS AND COMMERCIAL KNOWLEDGE

All Questions are compulsory.

1. Ans. c
Explanation:
In the long run Both demand and supply can change.

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

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

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

5. Ans. d
Explanation:
Utility means satisfaction of good.

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

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

8. Ans. d
Explanation:
Accounting profit = Total Revenue – Accounting Cost

9. 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.

10. Ans. c
Explanation:
Economic profit = Total Revenue – Economic Cost or Total Revenue > Economic Cost

11. Ans. b
Explanation:

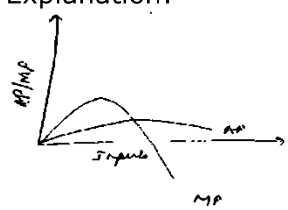
Economics is not a perfect science because economics is science as well as arts

12. Ans. b
Explanation:
Economic laws are Subject to specified assumptions

13. Ans. a
Explanation:
An Indifference Curve slopes down towards right, since more of one commodity and less of another result in same level satisfaction

14. Ans. a
Explanation:
In Market Period supply can not be increased

15. Ans. d
Explanation:



As when AP falls, MP also falls but MP < AP

16. Ans. a
Explanation:
National unemployment rate is related to macro economics.

17. Ans. b
Explanation:
Positive economics is related to fact and normative is related to value judgment.

18. Ans. d
Explanation:
Accounting Standards is not within the scope of Business Economics.

19. Ans. d
Explanation:
In monopoly MR is less than AR.

20. Ans. b
Explanation:
In case of perfect substitute goods cross elasticity is infinity.

21. Ans. c
Explanation:
TR - Accounting Cost = Accounting Profit
4,00,000 - 40,000 = 3,60,000

22. Ans. c
Explanation:

TR - Economic Cost = Economic Profit
4,00,000 - 1,65,000 = 2,35,000

23. Ans. c
Explanation:
MC = $\frac{\Delta TC}{\Delta Q}$
So = ΔTC = MC X ΔQ
40 x 2 = 80
So ΔTC = 80
So TC = 160

24. Ans. d
Explanation:
In perfect competition in long run equilibrium condition is P = MR = AR = LAC = SAC = LMC = SMC so the right answer is D.

25. Ans. a
Explanation:
In monopoly AR curve lies above the MR curve.

26. Ans. b
Explanation:
The opportunity cost of a good is the quantity of other goods sacrificed to get another unit of that good.

27. Ans. b
Explanation:
Relationship between AR, MR and Price elasticity of demand is MR = AR x [e -1/e].

28. Ans. b
Explanation:
In perfect competition the firm's Marginal cost curve above AVC has the identical shape of the firm's supply curve

29. Ans. d
Explanation:
If the demand curve for good X is downward-sloping, an increase in the price will result in A smaller quantity demanded for good X.

30. Ans. d
Explanation:
In this case price decreases and supply also decreases so that is case of decrease in quantity supplied.

31. Ans. b
Explanation:
IC is always convex never concave.

32. Ans. b
Explanation:
Increasing returns means decreasing marginal cost.

33. Ans. a
Explanation:
Relation between two variable is function.

34. Ans. a
Explanation:
MC curve cuts AC and AVC at their minimum point.

35. Ans. d
Explanation:
When AC is minimum, then MC is equal to AC, which is known as "Optimum point of production".

36. Ans. c
Explanation:
Decreasing marginal return means increasing marginal cost.

37. Ans. c
Explanation:
Interest on self-owned money is implicit cost.

38. Ans. b
Explanation:
Since, in perfectly inelastic demand, there is no change in quantity demanded (e=0). Hence availability of substitutes does not affect the quantity demanded because with any change in price, quantity demanded does not change.

39. Ans. d
Explanation:
Since the economist who gave cobb - douglas production function was an American.

40. Ans. a
Explanation:
Since the shape of TFC is horizontal.

41. Ans. d
Explanation:
Under Monopolistic Competition Market, there are so many varieties of product available for the consumer, because there is existence of product differentiation.

42. Ans. b
Explanation:
Under Partial Oligopoly, the industry is dominated by one large firm, which is considered or looked upon as a leader of the group. The dominating firm will be the price leader.

43. Ans. c
Explanation:
Rising portion of Marginal Cost curve is known as supply curve because marginal cost increases with the increment in level of output.

44. Ans. b
Explanation:
LAC curve is planning curve.

45. Ans. d
Explanation:
As per low of DMU, MU dismisses with increased consumption and gradually can become zero a negative

46. Ans. a
Explanation:
Change in same proportion so no change in price.

47. Ans. a
Explanation:
In perfect competition always MR=AR.

48. Ans. d
Explanation:
MR=AR is a straight line.

49. Ans. c
Explanation:
Only one buyer is not related to oligopoly.

50. Ans. a
Explanation:
Under P.C. in long run a firm earns normal profit.

51. Ans. c
Explanation:
Because of lesser/no substitutes.

52. Ans. a
Explanation:
Region above prevailing price has E>I
Region below prevailing price has E<I
Which creates a kink at prevailing price.

53. Ans. b
Explanation:
The fluctuating levels of economic activity over a period of time is called business cycle.

54. Ans. d
Explanation:
The lowest point in the business cycle is referred to as the trough.

55. Ans. a
Explanation:
During recession, the unemployment rate rises and output falls.

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

57. Ans. c
Explanation:
These two commodities were termed as giffen goods by Sir Robert Giffen. This is an exception of law of demand

58. 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.

59. Ans. a
Explanation:
Marginal Utility of a commodity depends on its quantity and is inversely proportional to its quantity.

60. Ans. a
Explanation:
Market period means very short run market.

61. Ans. a
Explanation:
A stock that provides a constant dividends and stable earnings even in the periods of economic downturn is called defensive stock.

62. Ans. c
Explanation:
Measure of change in financial parameters such as interest, stock indices and market rates is called Basis point.

63. Ans. b
Explanation:
A document issued by a bank on behalf of the buyer or the importer., stating its commitment to pay a third party (seller or the exporter., a specific amount, for the purchase of goods by its customer, who is the buyer is called Letter of Credit.

64. Ans. b
Explanation:
Combination of two or more entities that occurs when the entities transfer all their net assets to new entity created for that purpose is called consolidation.

65. Ans. b
Explanation:
Forecasting is the process of estimating future demand by anticipating what buyers are likely to do under a given set of marketing conditions.

66. Ans. b
Explanation:
Trends relate to Grouping of similar or related events.

67. Ans. c
Explanation:
Repo Rate is rate at which Banks borrow money from the RBI against or sale of Government Securities to RBI.

68. Ans. c
Explanation:
Since FMCG means "Fast moving consumer goods".

69. Ans. b
Explanation:
PESTLE is to describe Macro environment.

70. Ans. b
Explanation:
Foreign Direct Investment is an impact of Liberalization.

71. Ans. c
Explanation:
The Environment offers Opportunities, incentives and rewards and Constraints, threats and restrictions.

72. Ans. b
Explanation:
FDI Limit in Insurance Sector is 49%.

73. Ans. a
Explanation:
OCBs means Overseas Corporate Bodies.

74. Ans. b
Explanation:
ADR stands for American Depository Receipt.

75. Ans. a
Explanation:
SEBI was constituted in 1988.

76. Ans. d
Explanation:
A HUF cannot comprise members of a Muslim Family.

77. Ans. a
Explanation:
The term PESTLE analysis is used to decribe Macro Environment

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

79. Ans. c
Explanation:

The simultaneous purchase and sale of two identical commodities or instruments is called Arbitrage

80. Ans. d
Explanation:
All of the above is condition of Bear.

81. Ans. d
Explanation:
Perceiving the needs of the external environment and catering to them, satisfying the expectations and demands of the clientele groups is Interaction process.

82. Ans. a
Explanation:
Process of strategy formulation starts with Appraisal of external and internal environment of the of an organization.

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

84. Ans. b
Explanation:
A limit that regulates the increase or decrease in the rate of interest and installments of an adjustable rate mortgage is called Cap.

85. Ans. c
Explanation:
Economic insolvency, wherein the person’s assets are liquidated, to pay of all liabilities is called Bankruptcy.

86. 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.

87. Ans. d
Explanation:
Analysis of Income Distribution of the population comes under Demographic Environment.

88. Ans. a
Explanation:
NESTLE is a beverage partner with Coca-Cola India.

89. Ans. c
Explanation:
Headquarters of L&T at Mumbai.

90. Ans. d
Explanation:
FDI in sectors /activities which do not require any prior approval either of the Government or the Reserve Bank of India is identified as Automatic Route.

91. Ans. a
Explanation:
Financial instrument is anything that ranges from cash, deed, negotiable instrument, or for that matter any written and authenticated evidence that shows the existence of a transaction or agreement.

92. Ans. a
Explanation:
A guarantee given by the lender that there will be no change in the quoted mortgage rates for a specified period of time, which is called the Lock-in period.

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

94. Ans. a
Explanation:
Internal factors affecting a business environment is also referred to as Controllable factors.

95. Ans. d
Explanation:
External factors affecting a business environment is also referred to as Uncontrollable factors.

96. Ans. d
Explanation:
Monitoring the Environment, Identifying the factors or Capacity to develop effective responses are the pre-requisites for a Firm to respond to the External Environment.

97. Ans. c
Explanation:
In external environmental scanning, interest rates, cycle of recessions and inflation are classified as economic influences.

98. Ans. c
Explanation:
Current concerns that arise in response to events and trends and emerging issues.

99. Ans. a
Explanation:
It seeks to enhance the Entity’s performance by establishing a Competitive Advantage over its rivals.

100. Ans. b
Explanation:
Conservative Approach has the least resistance in responding responding to the Environment.

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