

(GCF-1, GCF-3, GCF-5 to GCF-7, SCF-1 & SCF-3 and VCF-1 & VCF-3)**TIMING: 2 Hours****Test Booklet No.– 110011****DATE: 14.10.2018****MAXIMUM MARKS: 100****PAPER: ECONOMICS AND BUSINESS & COMMERCIAL KNOWLEDGE**

- (1) Which of the following may not be a supply curve?
- (a) Perfectly elastic
 - (b) Perfectly horizontal
 - (c) Negatively sloped
 - (d) Unitary elastic
- (2) In case of drought, floods, etc. the supply of agriculture commodity will:
- (a) Increase
 - (b) Decrease
 - (c) Remain constant
 - (d) Become Zero
- (3) If the price of Banana rises from Rs 20 per dozen to Rs. 30 per dozen and the supply increases from 250 dozen to 320 dozens elasticity of supply is:
- (a) .70
 - (b) -.67
 - (c) .61
 - (d) .77
- (4) Arc elasticity of supply is given by the formula:
- (a) $\frac{q_1 - q_2}{q_1 + q_2} \times \frac{p_1 + p_2}{p_1 - p_2}$
 - (b) $\frac{q_1 + q_2}{q_1 - q_2} \times \frac{p_1 + p_2}{p_1 - p_2}$
 - (c) $\frac{q_2 - q_1}{q_2 + q_1} \times \frac{p_2 - p_1}{p_2 - p_1}$
 - (d) $\frac{p_1 - p_2}{p_1 + p_2} \times \frac{q_1 + q_2}{q_1 - q_2}$
- (5) An increase in the demand can result from:
- (a) A decline in market price.
 - (b) An increase in income.
 - (c) A reduction in the price of substitutes.
 - (d) An increase in the price of complements.
- (6) When the income of "X" was Rs. 5000 then he spent his income on goods Rs. 2000 and when the income increased upto Rs. 8000 then he used to spend his income on goods Rs. 5000. Hence, show the relationship between income and income spent on goods through the elasticity.
- (a) $e > 1$
 - (b) $e = 1$

- (c) $e = 0$
(d) $e < 1$
- (7) Which of these is not a Complementary Good for Pen ?
(a) Refills
(b) Paper
(c) Notebooks
(d) Wheat
- (8) Change in demand, as a result of the factors other than price is known as –
(a) Demand Fluctuation
(b) Contraction / Expansion of Demand
(c) Demand Shrinking
(d) Shift in Demand
- (9) Geometric method is also known as :
(a) Arc Method
(b) Point Method
(c) Inductive Method
(d) Deductive Method
- (10) In the case of habituality, the price elasticity will be:
(a) Inelastic
(b) Elastic
(c) Unitary Elastic
(d) Perfectly Inelastic
- (11) Cardinal Utility Approach is also known as-
(a) Indifference Curve Analysis
(b) Hick and Allen Approach
(c) Marginal utility analysis
(d) All of the above
- (12) According to marginal utility analysis, utility can be measured in-
(a) Ranks
(b) Cardinal numbers
(c) Nominal Values
(d) All of the above
- (13) Which of the following laws states that the more a consumer consumes a product, the lesser the utility he derives from the additional consumption?
(a) Law of Equal – Marginal utility
(b) Law of ordinal utility
(c) Law of cardinal utility
(d) Law of diminishing marginal utility
- (14) Which of the approach helps to explain the law of demand?
(a) Cardinal Approach
(b) Ordinal Approach
(c) Both (a) and (b)
(d) Neither (a) not (b)

- (15) The consumer is in equilibrium when marginal utility from a commodity equals-
- (a) Demand for that commodity
 - (b) Supply of that commodity
 - (c) Price of the commodity
 - (d) All of the above
- (16) Which of the following goods give the maximum amount of consumer surplus?
- (a) Icecream
 - (b) Car
 - (c) Color television
 - (d) Water
- (17) Demand arises in respect of-
- (a) Socially desirable goods, e.g. food, clothing
 - (b) Harmful goods, e.g. liquor, cigarettes, etc
 - (c) Both (a) and (b)
 - (d) Neither (a) nor (b)
- (18) The total area under the demand curve of a product measures-
- (a) Marginal utility
 - (b) Total utility
 - (c) Consumer's Surplus
 - (d) Producers' Surplus
- (19) Which of the following condition does not apply to average product curve?
- (a) Positive Slope
 - (b) Downward Slope
 - (c) Constant Slope
 - (d) Slope in negative section of the graph
- (20) In which stage of production a rational producer would like to operate?
- (a) Where MP is maximum
 - (b) Where Both MP & AP decrease but positively
 - (c) Where MP is negative
 - (d) (b) & (c) both
- (21) Which curve does intersect AC curve at its minimum point-
- (a) MC Curve
 - (b) AFC Curve
 - (c) AVC Curve
 - (d) None of above
- (22) When the government construct a public park and the cost incurred in constructing the park is known as-
- (a) Social Cost
 - (b) Marginal Cost
 - (c) Real Cost
 - (d) Personal Cost
- (23) The optimum level of production for a firm is, where –
- (a) MC is minimum
 - (b) AVC is minimum

- (c) AFC is minimum
 - (d) AC is minimum
- (24) 'X' is working in Birla Cement for Rs. 20,000, he is proposed to work in Shree Cement for Rs. 50,000 if he accepts the proposal then opportunity cost is –
- (a) Rs. 20,000
 - (b) Rs. 50,000
 - (c) Rs. 30,000
 - (d) No opportunity Cost
- (25) Diminishing marginal return imply:
- (a) decreasing average variable costs
 - (b) decreasing marginal costs
 - (c) increasing marginal costs
 - (d) decreasing average fixed costs
- (26) ----- is an implicit cost of production.
- (a) Wages of the labour.
 - (b) Charges for electricity.
 - (c) Interest on self owned money capital.
 - (d) Payment for raw material.
- (27) If the elasticity of demand for a commodity is perfectly inelastic then which of the following is incorrect?
- (a) The commodity must be essential to those who purchase it.
 - (b) The commodity must have many substitutes.
 - (c) The commodity will be purchased regardless of increase in its price.
 - (d) The elasticity of demand for this commodity must equal zero.
- (28) Labour intensive technique would get chosen in a :
- (a) labour surplus economy
 - (b) capital surplus economy
 - (c) developed economy
 - (d) developing economy
- (29) In electricity generation plants, when the plant grows too large, risks of plant failure with regard to output increase disproportionately. This is talking about which concept of returns to scale?
- (a) Constant returns to scale
 - (b) Increasing returns to scale
 - (c) Decreasing returns to scale
 - (d) Balanced returns to scale
- (30) Demand for cement produced by Birla cement company is known as:
- (a) Industry demand
 - (b) Company demand
 - (c) Giffen Demand
 - (d) Market Demand

- (31) Sir Robert Giffen was surprised to find out relationship of price with two other goods, which were:
- (a) Bread and Rice
 - (b) Meat and Rice
 - (c) Bread and Meat
 - (d) Cheese and meat
- (32) If two goods are totally unrelated, then cross elasticity between them is:
- (a) Zero
 - (b) One
 - (c) Infinite
 - (d) None of the above
- (33) Economics is -
- (a) a perfect science
 - (b) not a perfect science
 - (c) not a science at all
 - (d) none of the above
- (34) The law of scarcity
- (a) does not apply to rich developed countries
 - (b) applies only to the less developed countries
 - (c) implies that consumers wants will be satisfied in a socialistic system
 - (d) implies that consumers wants will never be completely satisfied
- (35) Economic laws are-
- (a) Rigid and absolute
 - (b) Subject to specified assumptions
 - (c) Mandatory
 - (d) Strictly enforced by Government
- (36) Contraction of supply is the result of decrease in the price of the goods concern.
- (a) True
 - (b) False
 - (c) Partly True
 - (d) None
- (37) Theory of consumer's behaviour is based upon-
- (a) Production hypothesis
 - (b) Utility hypothesis
 - (c) Cost hypothesis
 - (d) Both A and C
- (38) The slope of an indifference curve (MRS_{XY}) is convex to the origin because:-
- (a) Marginal utility of good X increases
 - (b) Marginal utility of good Y decreases
 - (c) MRS of good X for Y diminishes
 - (d) MRS of good Y for X increases

- (39) The Marginal Utility Curve is-
- (a) Horizontal to Y axis
 - (b) Demand Curve of that Commodity
 - (c) Vertical to X axis
 - (d) None of the above
- (40) Marginal Utility of a commodity depends on its quantity and is –
- (a) Inversely proportional to its quantity
 - (b) Not proportional to its quantity
 - (c) Independent of its quantity
 - (d) None of the above
- (41) An Indifference Curve slopes down towards right, since more of one commodity and less of another result in –
- (a) Same satisfaction
 - (b) Greater satisfaction
 - (c) Maximum satisfaction
 - (d) Decreasing expenditure
- (42) The Law of Demand is –
- (a) A quantitative statement
 - (b) A qualitative statement
 - (c) Both (a) and (b)
 - (d) Neither (a) nor (b)
- (43) If the demand for a product is elastic, an increase in its price will cause the Total Expenditure of the Consumers to –
- (a) Remain the same
 - (b) Increase
 - (c) Decrease
 - (d) Any of these
- (44) Period in which supply cannot be increased is called
- (a) Market Period
 - (b) Short Run
 - (c) Long Run
 - (d) None of these
- (45) In the short-run, factor(s) of production is / are variable.
- (a) All
 - (b) None
 - (c) One
 - (d) All of the above
- (46) If Stage I = Increasing Returns, Stage II = Diminishing Returns, And Stage III = Negative Marginal Returns, then A Rational Producer will operate in –
- (a) Stage I
 - (b) Stage II
 - (c) Stage III
 - (d) All of the above

- (47) Who is the main exponent of Marginal utility analysis ?
(a) Paul Samuelson
(b) Hicks
(c) Keynes
(d) Marshall
- (48) Indifference curve analysis is propounded by:
(a) Alfred Marshall
(b) Adam Smith
(c) Hicks and Allen
(d) None of the above
- (49) A higher indifference curve shows :
(a) a higher level of satisfaction
(b) a higher level of production
(c) a higher level of income
(d) none of the above
- (50) Increasing returns to scale can be explained in terms of
(a) fixed scale of plant
(b) labour productivity
(c) optimum factor proportions
(d) economies of scale
- (51) Which of the following statements is incorrect?
(a) Both AP and MP can be calculated from T.P.
(b) When AP rises then $MP > AP$
(c) When AP is maximum then $MP = AP$
(d) When AP falls, MP also falls but $MP > AP$
- (52) Production function refers to a
(a) relationship between Output and cost
(b) relationship between inputs and output
(c) physical relationship between input and output
(d) relationship between capital and labour expressed in terms of wage rental ratio
- (53) Under Perfect Competition, the Firms Demand Curve is-
(a) Horizontal Line, parallel to X Axis
(b) Vertical Line, parallel to Y Axis
(c) Negatively Sloped
(d) Kinked.
- (54) In Perfect Competition, since the Firm is a price-taker, the _____ Curve is a Straight Line.
(a) Marginal Cost
(b) total Cost
(c) total Revenue
(d) Marginal Revenue

- (55) Which of these does not apply to Oligopoly?
- (a) A Few Sellers
 - (b) Inter-Dependence between Sellers
 - (c) Only one Buyer
 - (d) Group Behaviour between Sellers
- (56) Under Perfect Competition, in the long-run, a Firm
- (a) Earns normal profit
 - (b) Earns abnormal profit
 - (c) have losses
 - (d) None of the above
- (57) Price Elasticity of Demand for Monopolist's Product is
- (a) Infinity
 - (b) More than one
 - (c) Less than one.
 - (d) Zero
- (58) As per Kinked Demand Curve Theory of Oligopoly, the Kink is formed at –
- (a) Prevailing Price
 - (b) Higher than Prevailing Price
 - (c) Lower than Prevailing Price
 - (d) Origin
- (59) In the second stage of variable proportions, TP increases at :
- (a) Increasing rate
 - (b) Diminishing rate
 - (c) Constant rate
 - (d) Negative rate
- (60) Shape of TFC is:
- (a) horizontal line
 - (b) downward sloping
 - (c) rectangular hyperbola
 - (d) U shaped
- (61) Which of the following statements distinguishes business from entrepreneurship?
- (a) Entrepreneurs are the business owners too
 - (b) All business owners are entrepreneurs too
 - (c) Entrepreneurs seek out new opportunities and pursue innovative business ideas
 - (d) (a) and (b)
- (62) Which of the following is not an economic objective of the firm?
- (a) Sales growth
 - (b) Improvement in market share
 - (c) Profits and return on investment
 - (d) Conservation of natural resources
- (63) The occupation in which people work for others and get remunerated in return is known as:

- (a) Business
 - (b) Employment
 - (c) Profession
 - (d) None of these
- (64) Which of the following statements describes the best Joint Hindu / Hindu Undivided Family (HUF) Business?
- (a) It is a form of business particular to and recognized as such in India
 - (b) Every family business is in fact a HUF Business
 - (c) In HUF businesses, there is a family involvement in business
 - (d) Both (a) and (c)
- (65) Which of the following statements characterises the best non-economic activities?
- (a) Non-economic activities do not require any investment of resources
 - (b) These activities do not entail any operational costs
 - (c) These activities are undertaken by ascetics
 - (d) The underlying purpose of these activities is not earning of a livelihood but social, psychological or spiritual satisfaction
- (66) Trends relate to:
- (a) Happening of events in internal Environment
 - (b) Grouping of similar or related events
 - (c) Demands made by Interested group
 - (d) None of the above
- (67) Which of the following exhibit characteristic of Business Environment?
- I) Environment is static
 - II) Environment is dynamic
 - III) Environment is complex and multi-faceted
 - IV) It has short term reach
- Options
- (a) Point I & III
 - (b) Point I, II & III
 - (c) Point II & IV
 - (d) Point II & III
- (68) Who occupies the central position in the marketing environment?
- (a) Consumer
 - (b) Customer
 - (c) Organisation
 - (d) All of the above
- (69) The price sensitivity of the market is an important factor of which element of Micro environment:
- (a) Suppliers
 - (b) Market
 - (c) Intermediaries
 - (d) Customer

- (70) Business and technology are:
- (a) Interrelated
 - (b) Interdependent
 - (c) Interrelated & Interdependent
 - (d) None of the above
- (71) Which of the following is not a part of the economic environment?
- (a) Market and trade cycles
 - (b) Consumer buying patterns
 - (c) Strength of consumer spending
 - (d) Interest and exchange rates
- (72) The _____ environment refers to the nature and direction of the economy in which a company competes or may compete.
- (a) Socio-cultural
 - (b) Internal
 - (c) Micro
 - (d) Economic
- (73) In the PEST framework for environmental analysis what does the letter E stand for?
- (a) Ecological
 - (b) Economic
 - (c) Ethical
 - (d) Educational
- (74) When was Reliance Industries Ltd. incorporated?
- (a) 1965
 - (b) 1966
 - (c) 1978
 - (d) 1959
- (75) Which gas company owns India's largest pipeline network?
- (a) Gail (India) Ltd.
 - (b) Bharat Petroleum Corporation Ltd.
 - (c) Reliance Industries Ltd.
 - (d) ONGC
- (76) Which industrial category does Wipro Ltd. come under?
- (a) Pharmaceuticals & Drugs
 - (b) Diversified
 - (c) Media
 - (d) IT- Software
- (77) Which of the following is not a product of Bajaj Auto Limited?
- (a) Avenger
 - (b) Discover
 - (c) Splendor
 - (d) CT 100

- (78) The mission of which transnational company is 'Good Food, Good Life'?
- (a) Tata Group
 - (b) Reliance fresh
 - (c) Nestle
 - (d) Starbucks
- (79) By what name are the Education and Stationary products by ITC known in India?
- (a) Camel
 - (b) Apsara
 - (c) Natraj
 - (d) Classmate
- (80) 'My customer First' is the Vision of which Bank?
- (a) SBI
 - (b) Axis Bank
 - (c) HDFC Bank
 - (d) Bank of Baroda
- (81) What is the Global Banking platform by EdgeVerve Systems (Infosys) called?
- (a) Mana
 - (b) Finacle
 - (c) Skava
 - (d) Panaya Cloud Suite
- (82) Identify the one which may be considered as a public policy:
- (a) A decision by a central government to purchase a fleet of cars
 - (b) An old building to be demolished by a municipal corporation
 - (c) All citizens are to be provided with biometric aadhar card
 - (d) Government passes a special resolution to change the name of a park
- (83) Decisions on annual financial spending, Taxes and Duties and Military spending are considered in:
- (a) Policies
 - (b) Budget
 - (c) Goal Setting
 - (d) Long term planning process
- (84) The form of privatization, where government keeps hold of responsibility and private enterprise handles the management of it fully or partly is known as:
- (a) Disinvestment
 - (b) Deregulation
 - (c) Delegation
 - (d) Decentralization
- (85) In case of Maruti–Suzuki, the Union Government surrendered partial ownership and sold the majority stake to Suzuki of Japan in course of time. This is a case of:
- (a) Partial Disinvestment
 - (b) Displacement
 - (c) Delegation
 - (d) Divestment

- (86) Blackrock invested 30 million USDs as a portfolio investor in Indian stock market. This may be a case of:
- (a) FDI
 - (b) FII investment
 - (c) Indirect investment
 - (d) NRI investment
- (87) FIPB stands for:
- (a) Foreign Institutional Promotion Board
 - (b) Foreign Institutional Preparatory Board
 - (c) Foreign Investment Priority Board
 - (d) Foreign Investment Promotion Board
- (88) Identify the sector where, FDI is not permitted:
- (a) Automobile
 - (b) Infrastructure
 - (c) Textile
 - (d) Atomic Energy
- (89) After independence, India followed a:
- (a) Socialistic Path of Development
 - (b) Commonwealth Model of Growth
 - (c) Mixed Economic Path
 - (d) Capitalistic Model of Development
- (90) Hyundai India Limited came to India through the FDI route. It followed the path of:
- (a) Divestment in Public Sector Unit
 - (b) Joint Venture
 - (c) By creating a 100% Indian subsidiary
 - (d) Replacement of a government sector business
- (91) How many members of SEBI should be from RBI?
- (a) 4
 - (b) 3
 - (c) 1
 - (d) 2
- (92) Where can the first appeal against SEBI be made?
- (a) High Court
 - (b) Supreme Court
 - (c) Securities Appellate Tribunal
 - (d) RBI
- (93) Who of the following is not primarily a profit seeking institution?
- (a) NABARD
 - (b) EXIM Bank
 - (c) SIDBI
 - (d) RBI

- (94) Which of the following is not a development bank?
- (a) IFCI
 - (b) NABARD
 - (c) EXIM
 - (d) SBI
- (95) SIDBI does not function as a Nodal/ Implementing Agency to which ministry of the Government:
- (a) Ministry of textiles
 - (b) Ministry of Food Processing and industry
 - (c) Ministry of Commerce and Industry
 - (d) Ministry of External Affairs
- (96) 'Personal selling' is done through:
- (a) Written communication
 - (b) Oral communication
 - (c) TV and media
 - (d) Sign language
- (97) What is price sensitivity?
- (a) the effect a change in price will have on customers.
 - (b) charging a relatively high price for a short time where a new, innovative, or much-improved product is launched onto a market.
 - (c) a strategy involves setting low prices in order to discourage or deter potential new entrants to the suppliers market.
 - (d) It measures the responsiveness of a change in demand for a product following a change in its own price.
- (98) What is a bull market?
- (a) A market in which the stock price are increasing consistently.
 - (b) A market in which the stock price are decreasing consistently.
 - (c) A market in which the stock price are stable over a long time.
 - (d) None of the above
- (99) Bid is the opposite of
- (a) Ask/offer
 - (b) Call
 - (c) Equity
 - (d) None of the above
- (100) A stock that provides a constant dividends and stable earnings even in the periods of economic downturn is _____.
- (a) Defensive Stock
 - (b) Cash budget
 - (c) Income stock
 - (d) Listed stock