

(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) Ans. c
Explanation : Supply curve can never be negatively sloped because there is a direct relationship between price and quantity supply hence it is having positive slope.
- (2) Ans. b
Explanation: Since due to adverse climatical conditions supply decreases.
- (3) Ans. c
Explanation:
 $P_1 = 20/- \quad Q_1 = 250$
 $P_2 = 30/- \quad Q_2 = 320$

$$= e_a = \left\{ \frac{Q_1 - Q_2}{Q_1 + Q_2} \times \frac{P_1 + P_2}{P_1 - P_2} \right\}$$

$$= \left\{ \frac{-70}{570} \times \frac{50}{-10} \right\}$$

$$= 0.61$$
- (4) Ans. a
Explanation: Arc elasticity of supply formula is $\frac{q_1 - q_2}{q_1 + q_2} \times \frac{p_1 + p_2}{p_1 - p_2}$.
- (5) Ans. b
Explanation:
Since there is direct relationship between income and demand
- (6) 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.
- (7) Ans. d
Explanation:
complementary Good for pen is not Wheat
- (8) Ans. d
Explanation:
When demand changes due to factor other than price, it is called increase/decrease in demand, which causes shift in the curve.
- (9) Ans. b
Explanation:

Point Method is used when there are small changes in price.

(10) Ans. a

Explanation:

In case of Habituality, the elasticity will be $e < 1$. It means it will be inelastic.

(11) Ans. c

Explanation:

Cardinal Utility Approach is also known Marginal utility analysis

(12) Ans. b

Explanation:

According to marginal utility analysis, utility can be measured in Cardinal numbers according to prof. marshal

(13) Ans. d

Explanation:

Law of diminishing marginal utility states that the more a consumer consumes a product, the lesser the utility he derives from the additional consumption

(14) Ans. a

Explanation:

Cardinal Approach helps to explain the law of demand because law of demand operates due to law of diminishing marginal utility

(15) Ans. c

Explanation:

The consumer is in equilibrium when marginal utility from a commodity equals Price of the commodity

Ans. d

Explanation:

Necessity is always gives maximum amount of consumer surplus.

(17) Ans. c

Explanation:

Demand arises in respect of Socially desirable goods, e.g. food, clothing Harmful goods, e.g. liquor, cigarettes, etc

(18) Ans. b

Explanation:

The total area under the demand curve of a product measures total utility

(19) Ans. d

Explanation:

Because average of total production can never be zero or negative.

(20) Ans. b

Explanation:

It represents II stage. Because in stage II there is optimum utilisation of fixed factors.

- (21) Ans. a
Explanation:
MC Curve intersects AC curve at its minimum point. This point is known as "Optimum point of production".
- (22) Ans. a
Explanation:
The cost incurred for the welfare of society, is known as social cost.
- (23) Ans. d
Explanation:
When AC is minimum, then MC is equal to AC, which is known as "Optimum point of production".
- (24) Ans. a
Explanation:
Opportunity cost is concerned with the cost of foregone opportunity.
- (25) Ans. c
EXplanation:
Diminishing marginal return imply increasing marginal costs because when cost increases than production decreases
- (26) Ans. c
Explantion:
Payment for self owned resources is called implicit cost of production
- (27) 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.
- (28) Ans. a
Explanation:
In labour surplus economy labour will be available in abundance.
- (29) Ans. c
Explanation:
Since percentage change in output is less than percentage change in input.
- (30) Ans. b
Explanation:
The term company demand denotes the demand for the products of a particular company.
- (31) Ans. c
Explanation:
These two commodities were termed as giffen goods by Sir Robert Giffen. This is an

exception of law of demand

(32) Ans. a

Explanation:

Because the goods are totally unrelated hence there is no relation between these goods hence the cross elasticity would be zero.

(33) Ans. b

Explanation:

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

(34) Ans. d

Explanation:

The law of scarcity implies that consumers wants will never be completely satisfied

(35) Ans. b

Explanation:

Economic laws are Subject to specified assumptions

(36) Ans. a

Explanation:

Contraction in supply means "Decrease in quantity supplied is due to decrease in price of goods concern."

(37) 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.

(38) Ans. c

Explanation:

Because this is known as MRS_{xy} . Marginal rate of good X for good Y always diminishes.

(39) Ans. b

Explanation:

Marginal Utility Curve is Demand Curve of that Commodity

(40) Ans. a

Explanation:

Marginal Utility of a commodity depends on its quantity and is Inversely proportional to its quantity because when quantity increases then marginal utility decreases

(41) Ans. a

Explanation:

An Indifference Curve slopes down towards right, since more of one commodity and less of another result in same level satisfaction

(42) Ans. b

Explanation:

The Law of Demand is a qualitative statement

(43) Ans. c

Explanation:

If the demand for a product is elastic, an increase in its price will cause the Total Expenditure of the Consumers to decrease

(44) Ans. b

Explanation:

In short run supply can not be increased

(45) Ans. c

Explanation: In the short-run one factor of production is variable

(46) Ans. b

Explanation:

A Rational Producer will operate in stage II because in second stage T.P. is maximum

(47) Ans. d

Explanation:

According to Marshall, "Utility is measurable in terms of money".

(48) Ans. c

Explanation:

According to this approach consumer derives equal satisfaction out of different combination of two goods.

(49) Ans. a

Explanation:

Because more units of goods consumed by the consumer.

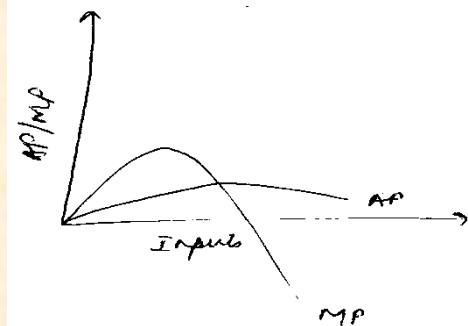
(50) Ans. d

Explanation:

Since increasing returns leads to saving at every level hence it is called economies of scale.

(51) Ans. d

Explanation:



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

- (52) Ans. c
Explanation:
Production function refers to the physical relationship between input & output.
- (53) Ans. a
Explanation:
Under Perfect Competition, the Firms Demand Curve is Horizontal Line, parallel to X Axis
- (54) Ans. d
Explanation:
In Perfect Competition, MR curve is always straight line.
- (55) Ans. c
Explanation:
In Oligopoly there are few sellers in market.
- (56) Ans. a
Explanation:
Under P.C. in long run a firm earns normal profit.
- (57) Ans. c
Explanation:
Because of lesser/no substitutes.
- (58) Ans. a
Explanation:
Region above prevailing price has $E > I$
Region below prevailing price has $E < I$
Which creates a kink at prevailing price.
- (59) Ans. b
Explanation:
TP increases at diminishing rate due to decrement in MP but positively.
- (60) Ans. a
Explanation:
Shape of TFC is horizontal line because TFC remains constant.
- (61) Ans. c
Explanation:
Entrepreneurs always seek out new opportunities and pursue innovative business ideas.
- (62) Ans. d
Explanation:
Conservation of natural resources is not an economic objective of the firm.
- (63) Ans. b

Explanation: Employment is the occupation in which people work for others and get remunerated in return.

(64) Ans. d

Explanation:

In HUF Business It is a form of business particular to and recognized as such in India and there is a family involvement in business.

(65) Ans. d

Explanation:

Non-economic activities is not earning of a livelihood but social, psychological or spiritual satisfaction.

(66) Ans. b

Explanation:

Trends relate to Grouping of similar or related events.

(67) Ans. d

Explanation:

characteristic of Business Environment is environment is dynamic and environment is complex and multi-faceted.

(68) Ans. a

Explanation:

Consumer occupies the central position the marketing environment.

(69) Ans. b

Explanation: The price sensitivity of the market is an important factor of market.

(70) Ans. c

Explanation:

Business and technology are interrelated and Interdependent.

(71) Ans. b

Explanation:

Consumer buying patterns is not a part of the economic environment.

(72) Ans. d

Explanation:

Economic environment refers to the nature and direction of the economy in which a company competes or may compete.

(73) Ans. b

Explanation:

In the PEST framework for environmental analysis E stand for Economic.

(74) Ans. b

Explanation:

Reliance Industries Ltd. incorporated in 1966.

- (75) Ans. a
Explanation:
Gail (India) Ltd owns India's largest pipeline network.
- (76) Ans. d
Explanation:
Wipro Ltd. come under IT-Software.
- (77) Ans. c
Explanation:
Splendor is not a product of Bajaj Auto Limited.
- (78) Ans. c
Explanation:
Good Food, Good life is the mission of Nestle.
- (79) Ans. d
Explanation:
Education and Stationary products by ITC is Classmate in India.
- (80) Ans. a
Explanation:
My customer First is the vision of SBI.
- (81) Ans. b
Explanation:
Finacle is the Global Banking platform by Edge Verve Systems(Infosys).
- (82) Ans. c
Explanation:
Biometric Aadhar card is considered as a public policy.
- (83) Ans. b
Explanation:
Decisions on annual financial spending, Taxes and Duties and Military spending are considered in Budget.
- (84) Ans. c
Explanation:
In Delegation government keeps hold of responsibility and private enterprise handles the management of it fully or partly.
- (85) Ans. d
Explanation:
Case of Maruti-Suzuki, is considered as divestment.
- (86) Ans. b
Explanation: Blackrock invested 30 million USDs as a portfolio investor in Indian stock market. This may be a case of FII investment.

- (87) Ans. d
EXplanation:
FIPB means Foreign Investment promotion Board.
- (88) Ans. d
Explanation:
In sector of Atomic Energy FDI is not permitted.
- (89) Ans. c
Explanation:
After independence, India followed Mixed Economic Path.
- (90) Ans. c
Explanation:
Hyundai India Limited came to India through by creating 100% Indian subsidiary.
- (91) Ans. c
Explanation:
One member of SEBI should be from RBI.
- (92) Ans. c
Explanation:
In Securities Appellate Tribunal first appeal against SEBIbe made.
- (93) Ans. d
Explanation:
RBI is not primarily a profit seeking institution.
- (94) Ans. d
Explanation:
SBI is not a development bank.
- (95) Ans. d
Explanation:
SIDBI does not function as a Nodal/ Implementing Agency for Ministry of External Affairs.
- (96) Ans. b
Explanation:
'Personal selling' is done through oral communication.
- (97) Ans. a
Explanation:
Price sensitivity is the effect a change in price will have on customers.
- (98) Ans. a
Explanation:
A market in which the stock price are increasing consistently is called bull market.

(99) Ans. a

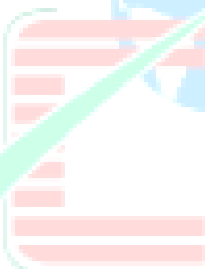
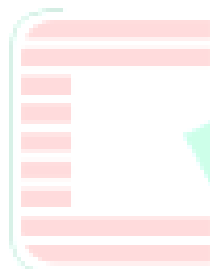
Explanation:

Bid is the opposite of Ask/offer.

(100) Ans. a

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

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