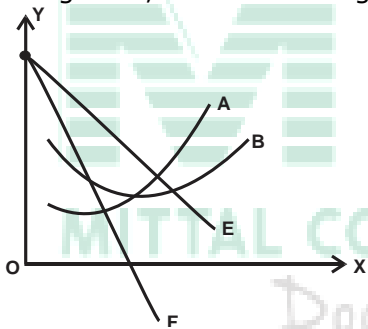


(GCF-1, GCF-3, GCF-5 to GCF-7, SCF-1 & SCF-3 and VCF-1 & VCF-3)**TIMING: 2 Hours****Test Booklet No.– 110011****DATE: 30.10.2018****MAXIMUM MARKS: 100****PAPER: ECONOMICS AND BUSINESS & COMMERCIAL KNOWLEDGE**

- (1) Which of the following statements is false?
- (a) Economic costs include the opportunity costs of the resources owned by the firm.
 - (b) Accounting costs include only explicit costs.
 - (c) Economic profit will always be less than accounting profit if resources owned and used by the firm have any opportunity costs.
 - (d) Accounting profit is equal to total revenue less implicit costs.
- (2) It is assumed in economic theory that
- (a) decision making within the firm is usually undertaken by managers, but never by the owners.
 - (b) the ultimate goal of the firm is to maximise profits, regardless of firm size or type of business organisation.
 - (c) as the firm's size increases, so do its goals.
 - (d) the basic decision making unit of any firm is its owners.
- (3) In figure 1, the firm's marginal revenue curve is curve
- 
- (a) E
- (b) A
- (c) F
- (d) B
- (4) Which of the following statements is incorrect?
- (a) If marginal revenue exceeds marginal cost the firm should increase output.
 - (b) If marginal cost exceeds marginal revenue the firm should decrease output.
 - (c) Economic profits are maximized when total costs are equal to total revenue.
 - (d) Profits are maximized when marginal revenue equals marginal cost.
- (5) Which one of the following statement is incorrect?
- (a) Perfect competitive firms are price takers and not price makers.
 - (b) Price discrimination is possible in monopoly only.
 - (c) Duopoly may lead to monopoly.
 - (d) Competitive firm always seeks to discriminate prices.

- (6) In the long run:
- (a) Only demand can change
 - (b) Only supply can change
 - (c) Both demand and supply can change
 - (d) None of these
- (7) In market, the price output equilibrium is determined by
- (a) Total cost curve and total revenue curve
 - (b) Total cost curve and marginal revenue curve
 - (c) Marginal cost curve and marginal revenue curve
 - (d) Only MC curve
- (8) Which of the following is not an essential condition of pure competition?
- (a) Large number of buyers and sellers
 - (b) Homogeneous product
 - (c) Freedom of entry
 - (d) Absence of transport cost
- (9) Monopolistic competition differs from perfect competition primarily because
- (a) in monopolistic competition, firms can differentiate their products.
 - (b) in perfect competition, firms can differentiate their products.
 - (c) in monopolistic competition, entry into the industry is blocked.
 - (d) in monopolistic competition, there are relatively few barriers to entry.
- (10) Which of the following statements is incorrect?
- (a) Even monopolistic can earn losses.
 - (b) Firms in a perfectly competitive market are price takers.
 - (c) It is always beneficial for a firm in a perfectly competitive market to discriminate prices.
 - (d) Kinked demand curve is related to an oligopolistic market.

Answer the following Questions: (Q. 11 to 14)

| Quantity | AVC | TVC | TC | MC | AFC |
|----------|-----|-----|-----|----|-----|
| 1 | 20 | | | | |
| 2 | 18 | | | | |
| 3 | | | | 18 | |
| 4 | 20 | | | | |
| 5 | | | 150 | | 8 |

- (11) Find TVC of 5th Unit.
- (a) 110
 - (b) 150
 - (c) 120
 - (d) 80
- (12) Find MC of 5th Unit:
- (a) 10
 - (b) 20
 - (c) 30
 - (d) 40

- (13) Find AVCoF 3rdUnit:
(a) 18
(b) 20
(c) 54
(d) 36
- (14) Find TCoF 2ndUnit:
(a) 60
(b) 76
(c) 36
(d) 18
- (15) If the average cost is falling, then:
(a) Marginal cost is rising
(b) Marginal cost is falling
(c) Marginal cost is equal to average cost
(d) It is impossible to tell if marginal cost is rising or falling
- (16) Which cost increases continuously with the increase in production?
(a) Average cost
(b) Marginal cost
(c) Fixed cost
(d) Variable cost
- (17) Which of the following is an example of a normative statement ?
(a) A higher price for a good causes people to want to buy less of that good.
(b) A lower price for a good causes people to want to buy more of that good.
(c) To make the good available to more people, a lower price should be set.
(d) If you consume this good, you will be better off.
- (18) Which one of the following statements involves a value judgement ?
(a) The supply of coffee is likely to be inelastic in the short run.
(b) Economies of scale can lead to lower prices.
(c) Inferior goods have a negative income elasticity of demand.
(d) The government was wrong to introduce university tuition fees.
- (19) Economics is the study of:
(a) How society manages its unlimited resources
(b) How to reduce our wants until we are satisfied
(c) How society manages its scarce resources
(d) How to fully satisfy our unlimited wants.
- (20) _____ and _____ do not directly affect the demand curve.
(a) the price of related goods, consumer incomes
(b) consumer incomes, tastes
(c) the costs of production, bank opening hours
(d) the price of related goods, preferences

- (21) If the demand curve for a good is horizontal and the price is positive, then a leftward shift of the supply curve results in :
- (a) A price of zero
 - (b) an increase in price
 - (c) A decrease in price
 - (d) no change in price
- (22) If demand is _____ then price cuts will _____ spending.
- (a) perfectly inelastic, increase
 - (b) elastic, increase
 - (c) elastic, decrease
 - (d) None of the above
- (23) Under law of demand :
- (a) Price of commodity is an independent variable
 - (b) Quantity demanded is a dependent variable
 - (c) Reciprocal relationship is found between price and quantity demanded
 - (d) All of the above
- (24) Should a consumer move upward along an indifference curve, his total utility:
- (a) First increases and then decreases
 - (b) First decreases and then increases
 - (c) Remains constant
 - (d) Increases
- (25) Utility is measured by:
- (a) wealth
 - (b) price
 - (c) satisfaction
 - (d) income
- (26) Which of the following is not an assumption of ordinal utility analysis?
- (a) Consumers are consistent in their preference
 - (b) Consumers can measure the total utility received from any given basket of good
 - (c) Consumers are non-satiated with respect to the goods they confront.
 - (d) None of the above
- (27) The satisfaction which a consumer derives from the consumption of commodity is equal to Rs. 320. The price of that commodity is Rs. 180. What will be his consumer surplus?
- (a) 180
 - (b) 200
 - (c) 140
 - (d) 500
- (28) Indifference curves between income and leisure for an individual are generally:
- (a) Concave to the origin.
 - (b) Convex to the origin.
 - (c) Negatively sloped straight lines.

- (d) Positively sloped straight lines.
- (29) Expansion in supply refers to a situation. when the producers are willing to supply a _____.
- (a) Larger quantity of the commodity at an increased price
 - (b) Larger quantity of the commodity due to increased taxation that commodity
 - (c) Larger quantity of the commodity at the same price
 - (d) Larger quantity of the commodity at the decreased price
- (30) Which of the following is an example of economies of scale ?
- (a) As the computer industry has expanded, the number of professionally trained computer programmers has also increased, which has caused the salaries of computer programmers to increase.
 - (b) To attract firms to locate in its state, the state government reduced the tax rate that businesses must pay on its profits, thus lowering the costs to firms who locate in the state.
 - (c) As the demand for calculators increased, the price of calculators actually fell.
 - (d) None of these
- (31) Which is true statement?
- (a) Decreasing returns to scale and diminishing returns to production are two ways of stating the same thing.
 - (b) Increasing returns to scale is a short-run concept, and diminishing returns to production is a long-run concept
 - (c) Constant returns to scale is a short-run concept, and decreasing returns to scale is a long-run concept
 - (d) None of the above is true
- (32) Returns to scale can be explained in terms of:
- (a) External and internal economies
 - (b) External and internal diseconomies
 - (c) External economies and internal diseconomies
 - (d) All of these
- (33) Which of the following is an objective of entrepreneur.
- (a) Economic objective
 - (b) Social objective
 - (c) National objective
 - (d) All of the above
- (34) What is production in economics :
- (a) Creation/Addition of Utility
 - (b) Production of food grains
 - (c) Creation of matter
 - (d) Manufacturing of goods
- (35) Dumping is an example of:
- (a) Production Differentiation
 - (b) Price Discrimination
 - (c) Purchase Discrimination

- (d) None of the above
- (36) Opportunity cost is :
(a) the additional benefit of buying an additional unit of a product.
(b) that which we forgo, or give up, when we make a choice or a decision.
(c) A cost that cannot be avoided, regardless of what is done in the future.
(d) the cost incurred in the past before we make a decision about what to do in the future.
- (37) An upward shift in marginal cost _____ output and an upward shift in marginal revenue _____ output.
(a) reduces, reduces
(b) reduces, increases
(c) increases, increases
(d) increases, reduces
- (38) Firms are assumed to _____ costs and to _____ profits.
(a) incur, desire
(b) pay, make
(c) charge, earn
(d) minimize, maximize
- (39) The opportunity cost of a student is:
(a) Course fees and rent
(b) A loan from the bank
(c) What the student could have earned in the best job available by not studying
(d) What the student will earn after graduation.
- (40) Selling expenses includes, which of the following:
(i) Advertisement cost
(ii) Transportation cost
(iii) Offer discount to customers
(iv) Incentive to dealers
(a) (i) only
(b) (i), (ii) and (iv)
(c) (i), (iii) and (iv)
(d) None of the above
- (41) Calculate total cost of 4 units.
- | Units | Total Cost (Rs.) | Marginal Cost (Rs.) |
|-------|------------------|---------------------|
| 2 | 80 | 40 |
| 4 | – | 30 |
- (a) 140
(b) 120
(c) 50
(d) 40
- (42) Which of the following is not an essential condition of pure competition ?
(a) Large number of buyers and sellers
(b) Homogeneous product

- (c) Freedom of entry
(d) Absence of transport cost
- (43) What should firm do when Marginal revenue is greater than marginal cost ?
(a) Firm should expand output
(b) Effect should be made to make them equal
(c) Prices should be covered down
(d) All of these
- (44) Under Monopoly, price discrimination depends upon:
(a) Elasticity of demand for commodity
(b) Elasticity of supply for commodity
(c) Size of market
(d) All of above
- (45) Equilibrium is defined as a situation in which :
(a) No government regulations exist
(b) Neither buyers nor sellers want to change their behaviour
(c) Demand curves are perfectly horizontal
(d) Suppliers will supply any amount that buyers wish to buy
- (46) A non discriminating monopolist will find that marginal revenue _____
(a) exceeds average revenue or price
(b) is identical to price
(c) is sometimes greater and sometimes less than price
(d) is less than average revenue or price
- (47) If firms can neither enter nor leave an industry, the relevant time period is :
(a) Short run
(b) Intermediate run
(c) Long run
(d) Immediate run
- (48) The profit maximizing condition for monopolist in two market, A and B is:
(a) $MR = MC_a = MC_b$
(b) $MC = MR_a = MR_b$
(c) $AR = MR_a = MR_b$
(d) None of the above
- (49) The monopolist can fix any price for his product, but cannot determine _____ of his product
(a) Revenue
(b) Cost
(c) Supply
(d) Demand
- (50) When price for a firm is less than average total cost but greater than average variable cost than:
(a) Shut down to reduce losses
(b) Increase price to reduce losses

- (c) Decreasing cost to reduce losses
(d) Continue in short run to reduce losses
- (51) Dumping is related to which market:
(a) Perfect Competition
(b) Monopolistic Competition
(c) Monopoly
(d) None of the above
- (52) Exploitation and inequality are maximum under:
(a) Socialism
(b) Capitalism
(c) Mixed economy
(d) None of the above
- (53) In a Mixed Economy, Industries in Private Sector have _____ as their objective and driving force.
(a) profit motive only
(b) community welfare only
(c) Both (a) and (b)
(d) Neither (a) nor (b)
- (54) The Cardinal Approach to Utility assumes Marginal Utility of Money is :
(a) Zero
(b) Constant
(c) Increasing Trend
(d) Decreasing Trend
- (55) The concept of Consumer Surplus arises due to the reason that:
(a) MU is initially higher than Price
(b) MU is always equal to Price
(c) MU is initially lower than Price
(d) MU is always equal to Zero
- (56) Why does the Indifference Curve Analysis approach operate ?
(a) MRS decrease as we go down the Curve
(b) MRS remains constant
(c) MRS increases
(d) Consumer Surplus decreases
- (57) The responsiveness of a good's demand to changes in the Firm's spending on advertising is called:
(a) Demand elasticity
(b) Supply elasticity
(c) Advertisement elasticity
(d) None of the above
- (58) If Cross Elasticity of Demand = Zero, it means that the goods are :
(a) Perfect Complementary Goods
(b) Perfect Substitute Goods

- (c) Unrelated Goods
(d) Nothing can be said
- (59) The method in which future demand is estimated by conducting market studies and experiments on consumer behaviour is known as :
(a) Market Research Method
(b) Market Experiment Method
(c) Consumer Behaviour Analysis
(d) Market Response Analysis
- (60) Economic indicators in demand forecasting is called:
(a) Trend Projection Method
(b) Barometric method
(c) Least Square method
(d) Gauge method
- (61) Which is not true about an economic activity?
(a) Measured in terms of money
(b) Pragmatic approach
(c) Driven by emotions and sentiments
(d) Adds value to National Income
- (62) Productive activity means production of goods-
(a) For self
(b) For family
(c) For market
(d) All the above
- (63) Demerits of a Sole Proprietorship-
(a) Unlimited liability
(b) Uncertain business life
(c) Limited scope for expansion
(d) All the above
- (64) Who is the present CFO of SBI?
(a) Anshula Kant,
(b) NatrajanChandrasekaran,
(c) Alok Kumar Agarwal,
(d) None of the above
- (65) Where is the Headquarter of HP located?
(a) Washington
(b) New York
(c) New Jersey
(d) California
- (66) Asian Paints operates in how many countries?
(a) 19
(b) 17
(c) 15

- (d) 13
- (67) Who is the Present CEO of Apple?
(a) Tim Cook
(b) Steve Jobs
(c) SatyaNadella
(d) SundarPichai
- (68) Perceiving the needs of the external environment and catering to them, satisfying the expectations and demands of the clientele groups is:
(a) Reciprocal agreement
(b) Interdependent process
(c) Management process
(d) Interaction process
- (69) Process of strategy formulation starts with:
(a) Appraisal of external and internal environment of the of an organization
(b) Performance analysis
(c) Choice of strategy
(d) None of the above
- (70) Which of the following issues should be considered while analyzing the market?
(a) Maturity Level of the market
(b) Cost Structure of the market
(c) Price Sensitivity of the market
(d) All of the above
- (71) The RBI has been vested with extensive power to control and supervise commercial banking system under which Act?
(a) The Reserve Bank of India Act, 1933
(b) The Reserve Bank of India Act, 1934
(c) The Reserve Bank of India Act, 1935
(d) The Reserve Bank of India Act, 1936
- (72) Who is the RBI's present Governor ?
(a) Urjit Patel
(b) D. Subbarao
(c) RaghuramRajan
(d) None of the above
- (73) Which Section of IRDAI Act, 1999 lays down the duties, powers and functions of IRDAI?
(a) Section 10
(b) Section 12
(c) Section 14
(d) Section 5
- (74) What is the constitution of Competition Commission of India?
(a) A chairperson and 6 members appointed by the Central Government
(b) A chairperson and 5 members appointed by the Central Government

- (c) A chairperson and 5 members appointed by the RBI
(d) A chairperson and 6 members appointed by the RBI
- (75) Which of the following is not correct about RBI?
(a) Central Bank of our country
(b) Apex Monetary Institution of the highest authority in India
(c) It has the responsibility for controlling the country's EXIM Policy
(d) It is the Custodian of the Nation's Foreign Exchange Reserves
- (76) Carrying forward of transaction from one settlement period to the next without effecting delivery or payment is called_____
(a) Bear Market
(b) Base price
(c) Badla
(d) Blue Chips
- (77) A free allotment of shares made in proportion to existing shares out of accumulated reserves is called-
(a) Bond
(b) Bonus
(c) Bid
(d) Offer
- (78) A type of debt instrument that is not secured by physical assets or collateral is-
(a) Bond
(b) Debenture
(c) Promissory Note
(d) None of the above
- (79) Any goods that are stored, delivered and used in its electronic format-
(a) Consumer Goods
(b) Capital Goods
(c) Digital Goods
(d) None of the above
- (80) FMCG stands for-
(a) Fast Moving Consumer Goods
(b) Fast Moving Capital Goods
(c) First Moving Commercial Goods
(d) None of the above
- (81) A third party commercial operation established by two or more firms to pursue a particular market, resource supply, or other business opportunity is called-
(a) Merger
(b) Acquisition
(c) Joint Venture
(d) None of the above
- (82) Rate at which the Central Bank in the discharge of its function as Banker's Bank lends to the commercial banks is called-

- (a) Bank Rate
 - (b) Administered Rates
 - (c) Accrued Interest
 - (d) None of the above
- (83) A limit that regulates the increase or decrease in the rate of interest and installments of an adjustable rate mortgage is called-
- (a) Gap
 - (b) Cap
 - (c) Basic Point
 - (d) None of the above
- (84) Economic insolvency, wherein the person's assets are liquidated, to pay of all liabilities is called-
- (a) Acquisition
 - (b) Liability
 - (c) Bankruptcy
 - (d) None of the above
- (85) A portion of the after tax profits paid out to the owners of a business as a return on their investment is:
- (a) Dividend
 - (b) Expense
 - (c) Expenditure
 - (d) Deferred Income
- (86) Who is the former chairman of ICICI Bank.
- (a) Rajnish Kumar,
 - (b) Natrajan Chandrasekaran,
 - (c) Alok Kumar Agarwal,
 - (d) Chanda Kochhar
- (87) Which of the following is a FMCG product of ITC ?
- (a) Sunfeast
 - (b) Engage
 - (c) Fiama and
 - (d) All of the above
- (88) Indane LPG is the product of which corporation in India?
- (a) IOCL
 - (b) NTPC
 - (c) ONGC
 - (d) PGCIL
- (89) Which of the following does not characterize the Business Environment?
- (a) Methods of production
 - (b) Complexity
 - (c) Uncertainty
 - (d) Relativity

- (90) A kind of bank deposit which the investor is not able to withdraw, before a timefixed whenmaking the deposit.
- (a) Fixed Deposit
 - (b) Current Account Deposit
 - (c) Saving Account Deposit
 - (d) All of the above
- (91) "Demographics" denote-
- (a) Density of population
 - (b) Growth rate of population
 - (c) Characteristics of population
 - (d) Bottlenecks of over population
- (92) Privatization may have an adverse effect on-
- (a) Growth and expansion of Industries
 - (b) Enhancing efficiency, quality and competitiveness
 - (c) Employee morale generating fear of dislocation or termination
 - (d) All of the above
- (93) A reduction in the price of goods given to encourage sale on case basis.
- (a) Cash Discount
 - (b) Gift Offer
 - (c) Consumer Discount
 - (d) None of the above
- (94) When was IRDAI constituted?
- (a) 1997
 - (b) 1998
 - (c) 1999
 - (d) 2000
- (95) Who is the custodian of the nation's foreign exchange reserves?
- (a) Central Government of India
 - (b) President of India
 - (c) Reserve Bank of India
 - (d) State Bank of India
- (96) EXIM Bank acts as an apex Banking Institution in-
- (a) Foreign Trade
 - (b) Agriculture
 - (c) Industrial loan
 - (d) All the above
- (97) A financial expression of the value of that product is called-
- (a) Price
 - (b) Cost
 - (c) Expenditure
 - (d) None of the above
- (98) A signed instrument of acknowledgment that indicates the approval is called-

- (a) Acceptance
 - (b) Terms
 - (c) Conditions
 - (d) None of the above
- (99) In India, Foreign Investments is prohibited in:
- (a) Chit Funds
 - (b) Real Estate
 - (c) Cigar manufacturing
 - (d) All of the above
- (100) FIPB stands for:
- (a) Foreign Institutional Promotion Board
 - (b) Foreign Institutional Preparatory Board
 - (c) Foreign Investment Priority Board
 - (d) Foreign Investment Promotion Board

