

ECONOMICS AND COMMERCIAL KNOWLEDGE**All Questions is compulsory.**

- (1) 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
- (2) 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
- (3) 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.
- (4) If demand is _____ then price cuts will _____ spending.
 - (a) Perfectly inelastic, increase
 - (b) Elastic, increase
 - (c) Elastic, decrease
 - (d) None of the above
- (5) Utility is not measured by:
 - (a) Wealth
 - (b) Price
 - (c) Satisfaction
 - (d) Both (a) and (b)
- (6) 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
- (7) Which of the following is a objective of entrepreneur.
 - (a) Economic objective
 - (b) Social objective
 - (c) National objective
 - (d) All of the above
- (8) What is not production in economics :
 - (a) Addition of Utility
 - (b) Creation of Utility
 - (c) Creation of matter
 - (d) None of the above

- (9) 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
- (10) Firms are assumed to _____ costs and to _____ profits.
- (a) Incur, desire
 - (b) Pay, make
 - (c) Charge, earn
 - (d) Minimize, maximize
- (11) 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
- (12) 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
- (13) 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
- (14) 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)
- (15) The Cardinal Approach to Utility assumes Marginal Utility of Money is :
- (a) Zero
 - (b) Constant
 - (c) Increasing Trend
 - (d) Decreasing Trend
- (16) 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

- (17) 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
- (18) 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
- (19) 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
- (20) 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
- (21) 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) $\frac{\Delta Q}{Q} \times \frac{P}{\Delta P}$
 - (c) $\frac{q_2 - q_1}{q_2 + q_1} \times \frac{p_2 - p_1}{p_2 + p_1}$
 - (d) Both (a) and (b)
- (22) Which of the approach not helps to explain the law of demand?
- (a) Cardinal Approach
 - (b) Ordinal Approach
 - (c) Both (a) and (b)
 - (d) Neither (a) not (b)
- (23) Which curve does not intersect AC curve at its minimum point-
- (a) MC Curve
 - (b) AFC Curve
 - (c) AVC Curve
 - (d) Both (b) and (c)

- (24) If two goods are totally unrelated, then cross elasticity between them is:
(a) Zero
(b) One
(c) Infinite
(d) None of the above
- (25) Contraction of supply is the result of decrease in the price of the goods concern.
(a) True
(b) False
(c) Partly True
(d) None
- (26) 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
- (27) In the second stage of variable proportions, TP increases at :
(a) Increasing rate
(b) Diminishing rate
(c) Constant rate
(d) Negative rate
- (28) Shape of AVC is:
(a) Horizontal line
(b) Downward sloping
(c) rectangular hyperbola
(d) U shaped
- (29) Which of the following is considered as a disadvantage of allocating resources using the market system?
(a) Income will tend to be unevenly distributed.
(b) People do not get goods of their choice.
(c) Men of Initiative and enterprise are not rewarded.
(d) Profits will tend to be low.
- (30) Administered prices refer to:
(a) Prices determined by forces of demand and supply
(b) Prices determined by sellers in the market
(c) Prices determined by an external authority which is usually the government
(d) None of the above
- (31) If the price of Banana rises from Rs. 8 per dozen to Rs. 10 per dozen and the supply increases from 80 dozen to 100 dozens elasticity of supply is:
(a) .70
(b) -.67
(c) -1
(d) 1

- (32) Expansion and Contraction of demand for a good occurs as a result of:
- (a) Change in Price of the Commodity
 - (b) Change in Quality of the Commodity
 - (c) Availability of Cheaper Substitutes
 - (d) Increase in Consumers Income
- (33) 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
- (34) 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
- (35) 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
- (36) Which is not the property of Indifference curve analysis?
- (a) Indifference curves slope downward to the left
 - (b) Indifference curves are always convex to the origin
 - (c) Indifference curves can never intersect each other
 - (d) A higher indifference curve represents a higher level satisfaction than the lower indifference curve
- (37) The optimum level of production for a firm is, where –
- (a) When $TR=TC$
 - (b) When $MR=MC$
 - (c) MC and AC both are minimum
 - (d) AC is minimum
- (38) Diminishing marginal return imply:
- (a) decreasing average variable costs
 - (b) decreasing marginal costs
 - (c) decreasing marginal production
 - (d) decreasing average fixed costs
- (39) _____ is an implicit cost of production.
- (a) Opportunity Cost of enterpriner
 - (b) Charges for electricity
 - (c) Rent of self owned land
 - (d) Payment for raw material

- (40) 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.
- (41) The economist who gave cobb - douglas production function was an_____:
- (a) Japanese
 - (b) German
 - (c) British
 - (d) American
- (42) In which type of Oligopoly, the price leadership exists –
- (a) Full Oligopoly
 - (b) Partial Oligopoly
 - (c) Syndicated Oligopoly
 - (d) Organised Oligopoly
- (43) Under Perfect Competition Market, the supply curve is –
- (a) Average cost curve
 - (b) Average Variable Cost curve
 - (c) Marginal Cost curve
 - (d) Average Revenue curve
- (44) When both demand and supply decreases in the same proportion, then equilibrium price will_____.
- (a) Remain the same
 - (b) Rise
 - (c) Fall
 - (d) None of the above
- (45) 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.
- (46) 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
- (47) 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

- (48) 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
- (49) The marginal product of a firm is :
(a) Product of efficient workers of a firm
(b) Product of average workers of a firm
(c) Additional output by employing an additional unit of a factor
(d) Any of the above
- (50) The average fixed cost at 4 units of output Rs. 20. Average variable cost at 5 units of output is Rs. 40. Average cost of producing 5 units is :
(a) Rs. 20
(b) Rs. 40
(c) Rs. 56
(d) Rs. 60
- (51) When TR is maximum :
(a) The AR is zero
(b) The MR is zero
(c) Both MR and AR is zero
(d) When MR = AR
- (52) If increase in supply is greater than increase in demand, then the equilibrium price :
(a) Decrease
(b) Increase
(c) Does not change
(d) Cannot be determined
- (53) Till 19th century, economics was known as :
(a) Micro Economy
(b) World Economy
(c) Scarcity Economy
(d) Political Economy
- (54) Sir Robert Giffen was a _____ economist :
(a) Scottish
(b) Chinese
(c) Japanese
(d) American
- (55) ATC is :
(a) $\frac{TFC}{Q} + \frac{TVC}{Q}$
(b) $\frac{TFC}{Q} - \frac{TVC}{Q}$
(c) $TFC - TVC$
(d) $TFC + TVC$

- (56) The great depression in 1930 started in _____
(a) Japan
(b) India
(c) USA
(d) Pakistan
- (57) Profit maximization condition in perfect competition but not in price discrimination is:
(a) $MR > MC$
(b) $MR = MC$
(c) $MR < MC$
(d) None of the above
- (58) In oligopoly the elasticity is _____
(a) Elastic
(b) Inelastic
(c) Unitary Elastic
(d) Both (a) and (b)
- (59) Supply of industrial products is :
(a) $e > 1$
(b) $e < 1$
(c) $e = 1$
(d) $e = 0$
- (60) Land is :
(a) Indestructible
(b) Passive Factor
(c) Immobile
(d) All of the above
- (61) Commercial Awareness involves knowledge of-
(a) How business make money
(b) What customer want
(c) What problems are there in particular areas of business
(d) All of the above
- (62) HUF consists of-
(a) All persons lineally descended from a common ancestor, including Wives and Unmarried Daughters
(b) All persons lineally descended from a common ancestor, except Wives and Unmarried Daughters
(c) All male members lineally descended from a common ancestor
(d) None of the above
- (63) Under the income tax Act, A HUF cannot earn income from:
(a) House property
(b) Salary
(c) Profits
(d) Other Sources

- (64) _____ is the process by which organizations monitor their relevant environment to identify opportunities and threats affecting their business for the purpose of taking strategic decisions.
- (a) Forecasting
 - (b) Assessment
 - (c) Scanning
 - (d) None of the above
- (65) Business Environment represents _____ forces that exert some degree of impact on the business decisions taken by the firm.
- (a) Internal Forces
 - (b) External Forces
 - (c) Financial Forces
 - (d) National Forces
- (66) Which of the following does not characterize the Business Environment?
- (a) Methods of production
 - (b) Complexity
 - (c) Uncertainty
 - (d) Relativity
- (67) Which type of enterprise does not have the need to interact with the Environment?
- (a) Small Enterprises
 - (b) Proprietary Firm
 - (c) Micro Enterprises
 - (d) None of the above
- (68) Procedure of analyzing threats and opportunities of organization's environment is classified as-
- (a) Environmental influences
 - (b) Environmental economics
 - (c) Environmental planning
 - (d) Environmental scanning
- (69) In external environmental scanning, tax legislations, social security legislations and tax provisions are classified as-
- (a) Geographic influences
 - (b) Government Influences
 - (c) Economic influences
 - (d) Technological advancement
- (70) The immediate environment with which the firm operates is called-
- (a) Micro Environment
 - (b) Macro Environment
 - (c) External Environment
 - (d) Peripheral Environment
- (71) Analysis of Income Distribution of the population comes under-
- (a) Economic Environment
 - (b) Social Environment
 - (c) Legal Environment
 - (d) Demographic Environment

- (72) Which approach has the dynamic response to the Environment?
(a) Confident Approach
(b) Conservative Approach
(c) Cautious Approach
(d) Careful Approach
- (73) Which of the following is not a business opportunity generated by Globalisation?
(a) Access to low cost labour
(b) Cheap International Transport
(c) Currency Crisis
(d) Less stringent regulations of the Business Environment
- (74) NESTLE is a beverage partner with which of the following companies?
(a) Coca-Cola India
(b) Pepsico India Holdings Pvt. Ltd.
(c) Red Bull India Pvt. Ltd
(d) Dabur India Ltd.
- (75) Which of the following is a subsidiary of Gail India Limited?
(a) Central Coalfields Limited
(b) Mahanadi Coalfields Limited
(c) Western Coalfields Limited
(d) Brahmaputra Cracker and Polymer Limited
- (76) American Express was ranked the 17th most admired company by Fortune in which year?
(a) 2014
(b) 2015
(c) 2016
(d) 2017
- (77) Where are the headquarters of L&T?
(a) Bengaluru
(b) Delhi
(c) Mumbai
(d) Chennai
- (78) What is the Global Banking platform by EdgeVerve Systems(Infosys) called?
(a) Mana
(b) Finacle
(c) Skava
(d) Panaya Cloud Suite
- (79) In order to take a decision, there must be _____ course of action. Fill in the blank space with appropriate expression.
(a) One
(b) Specific
(c) Financial
(d) More than one

- (80) FDI in sectors /activities which do not require any prior approval either of the Government or the Reserve Bank of India is identified as:
- (a) Green Channel
 - (b) Priority route
 - (c) Non-Commercial Route
 - (d) Automatic Route
- (81) MNCs have to align their operations according to the_____of those nations where from they operate-
- (a) Government policy
 - (b) Public policy
 - (c) Business policy
 - (d) Trade policy
- (82) Gabriel Almond popularized the idea of a-
- (a) Political culture
 - (b) Social culture
 - (c) Politics-policy relationship
 - (d) None of the above
- (83) The process by which a legislative proposal is brought before a law making body and then translated into the law of the land is called-
- (a) Policy Drafting
 - (b) Law making
 - (c) Presenting the Law
 - (d) None of the above
- (84) Who cannot be a Foreign Direct Investor?
- (a) Governments or Government Agencies,
 - (b) Estates, Trusts, or other organizations,
 - (c) Unincorporated Private or Public Enterprises
 - (d) None of the above
- (85) Which of the following statements is not true about FPI-
- (a) Speculative in nature
 - (b) Increase in Output, Employment, Wage Levels, etc. of the Country in which Investment takes place
 - (c) No interest in Management or Control
 - (d) Constitutes Investment in Nominal Capital
- (86) In single hand retailing 100% FDI was allowed in the year:
- (a) 2012
 - (b) 2010
 - (c) 1999
 - (d) 1997
- (87) Which of the following statements about RBI is incorrect?
- (a) It deals largely with Governments, Central and State Banks.
 - (b) Its role is to ensure monetary stability, including stability of domestic price levels.
 - (c) One of its missions is to protect the interest of policyholders.
 - (d) The RBI is the sole authority for the issue of currency in India.

- (88) Large number of SHGs have been linked to credit, resulting in an important Indian tool for micro finance, by the endeavour of:
- (a) NABARD
 - (b) SIDBI
 - (c) IDBI
 - (d) SEBI
- (89) Which one of the following statements is incorrect?
- (a) The SEBI members consist of a Chairman, who shall be appointed by Central Government.
 - (b) The SEBI members consist of two members from amongst the officials of the Ministry of the Central Government.
 - (c) The SEBI members consist of one member from amongst the official of RBI, who shall be nominated by RBI.
 - (d) The SEBI members consist of five other members out of which atleast four members shall be whole-time members, who shall be appointed by Central Government.
- (90) Which one of the following is not the role of the Competition Commission of India?
- (a) To promote practices having adverse effect on competition.
 - (b) To promote and sustain competition in markets.
 - (c) To protect the interests of consumers and,
 - (d) To ensure freedom of trade carried on by other participants in markets in India.
- (91) Which of the following is the monetary authority of a country?
- (a) Government of the country
 - (b) Banking system of the country
 - (c) The Central Bank of the country
 - (d) All of these
- (92) When a Company publicly sells new stocks and bonds for the first time, it does so in-
- (a) Stock Market
 - (b) Primary Market
 - (c) Secondary Market
 - (d) Investment Market
- (93) _____ is rate at which Bank borrow money from the RBI against pledging or sale of Government Securities to RBI-
- (a) Demand Rate
 - (b) Interest Rate
 - (c) Repo Rate
 - (d) Reverse Repo Rate
- (94) Which among the following complaints not dealt by SEBI-
- (a) Complaints falling under the purview of the regulatory bodies like RBI, IRDA, PFEDA, CCI, FMC etc.
 - (b) Complaints regarding Pension Fund
 - (c) Complaints regarding Commodities
 - (d) All of above

- (95) The exploitation of comparatively small market segments by businesses that decide to concentrate their efforts is called:
- (a) Niche marketing
 - (b) Mass marketing
 - (c) Market segmentation
 - (d) Market positioning
- (96) _____ is a technology where the banking organizations resort to the use of electronics, computers and other networks to execute transactions and transfer funds.
- (a) E-cash
 - (b) Digi-cash
 - (c) Hedge
 - (d) Cap
- (97) What are mutual funds?
- (a) A pool of money managed by experts by investing in stocks, bonds and other securities with the objective of improving their savings
 - (b) A number of shares which are less than or greater than but not equal to the board lot size
 - (c) A company's first issue of shares to general public
 - (d) None of the above
- (98) The _____ is something that makes trade between two countries difficult and expensive:
- (a) Benchmarking
 - (b) Barriers to trade
 - (c) Barriers to entry
 - (d) Cross selling
- (99) Charging a relatively high price for a short time where a new, innovative, or much improved product is launched onto a market is called:
- (a) Sales Promotion
 - (b) Price Skimming
 - (c) Price sensitivity
 - (d) Unique selling price
- (100) Total revenue from sales which exactly equal to expenses incurred is:
- (a) Breakeven Point
 - (b) Shutdown point
 - (c) Both (a) & (b)
 - (d) None of these
