

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

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- (1) Ans. b
Explanation:
Scarcity in Economics is an relative concept.
- (2) Ans. b
Explanation:
Decision making is the process of selecting the appropriate alternative, that will provide the most efficient means of attaining specified objectives, from two or more alternative courses of action available.
- (3) Ans. c
Explanation:
Business Economics has a Pragmatic Approach which means it is not Abstract.
- (4) Ans. c
Explanation:
The emphasis of Business Economics is More Normative than Positive theory.
- (5) Ans. d
Explanation:
Micro Economics deals with Consumer Behaviour.
- (6) Ans. b
Explanation:
Continuous Consumption is an assumption of Law of Diminishing Marginal Utility.
- (7) Ans. a
Explanation:
Consumer is in equilibrium when Marginal Utility = Price.
- (8) Ans. a
Explanation:
Consumer Surplus is the area that Below the Demand curve and above the price.
- (9) Ans. b
Explanation:
A Point below the Price Line represents Under-spending by the Consumer.
- (10) Ans. d
Explanation:
Only one commodity is considered for the purposes of analysis is not an assumption in consumer equilibrium analysis under Indifference Curve Approach
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- (11) Ans. c
Explanation:
Purchasing Power refers to Ability to buy the product.
- (12) Ans. a
Explanation:
Demand influence most the price level in the very short-run period.
- (13) Ans. b
Explanation:
When a consumer prefers a commodity due to prestige attached to it, it is known as Demonstration Effect.
- (14) Ans. c
Explanation:
The 'Substitution Effect' takes place due to change in Relative Prices of the commodities.
- (15) Ans. b
Explanation:
In normal circumstances, if Government increases the tax on any product, the demand for the product Decreases in the short run.
- (16) Ans. a
Explanation:
When supply of a commodity increases due to increase in price then called expansion of supply.
- (17) Ans. b
Explanation:
Because reduction in tax is a economies of scale.
- (18) Ans. d
- (19) Ans. b
Explanation:
Opportunity cost is that which we forgo, or give up, when we make a choice or a decision.
- (20) Ans. c
Explanation:
The opportunity cost of a student is what the student could have earned in the best job available by not studying.
- (21) Ans. a
Explanation:
$$MC = \frac{\Delta TC}{\Delta Q} \text{ So}$$
$$\Delta TC = MC \times \Delta Q$$
$$= 30 \times 2 = 60$$

- (22) Ans. d
Explanation:
A non discriminating monopolist will find that marginal revenue is less than average revenue or price.
- (23) Ans. c
Explanation:
If Cross Elasticity of Demand = Zero, it means that the goods are Unrelated Goods.
- (24) Ans. b
- (25) Ans. a
- (26) Ans. a
- (27) Ans. c
- (28) Ans. a
- (29) Ans. d
- (30) Ans. a
- (31) Ans. d
Explanation:
 $P_1 = 8/-$ $Q_1 = 80$
 $P_2 = 10/p$ $Q_2 = 100$
$$= e_a = \left\{ \frac{Q_1 - Q_2}{Q_1 + Q_2} \times \frac{P_1 + P_2}{P_1 - P_2} \right\}$$
$$= \left\{ \frac{20}{180} \times \frac{18}{2} \right\}$$
$$= 1$$
- (32) Ans. a
Explanation: Since whenever the price rises there is contraction in Q.D. and whenever the price falls there is expansion in Q.D.
- (33) Ans. c
- (34) Ans. d
- (35) Ans. c
- (36) Ans. a
Explanation:
Indifference curves slope downward left to right because MRS_{xy} always decreases.
- (37) Ans. d
Explanation:
When AC is minimum, then MC is equal to AC, which is known as "Optimum point of production".
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- (38) Ans. c
- (39) Ans. c
- (40) 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.
- (41) Ans. d
Explanation:
Since the economist who gave cobb - douglas production function was an American.
- (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. a
- (45) Ans. a
- (46) Ans. a
- (47) Ans. d
- (48) Ans. c
- (49) Ans. b
- (50) Ans. d
- (51) Ans. c
- (52) Ans. d
- (53) Ans. c
- (54) Ans. c
- (55) Ans. b
- (56) Ans. a
- (57) Ans. d

- (58) Ans. a
- (59) Ans. d
- (60) Ans. d
- (61) Ans. a
Explanation:
Transfer of Interest exists in Business.
- (62) Ans. b
Explanation:
Earning livelihood is the psychological motive of employment.
- (63) Ans. b
Explanation:
Pooling of Capital is an advantage of joint ownership.
- (64) Ans. c
Explanation:
Personal interest in business is more in Sole Proprietorship.
- (65) Ans. a
Explanation:
Non-corporate Entity includes Sole Proprietorship, HUF and Partnership
- (66) Ans. b
Explanation:
Three successive generations of an Undivided Family are known as HUF.
- (67) Ans. c
Explanation:
Carrying forward of transaction from one settlement period to the next without effecting delivery or payment is called Badla.
- (68) Ans. a
Explanation:
The major textile brand 'Vimal' was introduced in 1975.
- (69) Ans. b
Explanation:
A free allotment of shares made in proportion to existing shares out of accumulated reserves is called Bonus.
- (70) Ans. c
Explanation:
A type of debt instrument that is not secured by physical assets or collateral is Promissory Note.

- (71) Ans. a
Explanation:
A financial expression of the value of that product is called Price.
- (72) Ans. a
Explanation:
A signed instrument of acknowledgment that indicates the approval is called Acceptance.
- (73) Ans. b
Explanation: The price sensitivity of the market is an important factor of market.
- (74) Ans. c
Explanation:
Business and technology are interrelated and Interdependent.
- (75) Ans. d
Explanation:
Wipro Ltd. come under IT-Software.
- (76) Ans. a
Explanation:
My customer First is the vision of SBI.
- (77) Ans. c
Explanation:
Biometric Aadhar card is considered as a public policy.
- (78) Ans. b
Explanation:
Decisions on annual financial spending, Taxes and Duties and Military spending are considered in Budget.
- (79) Ans. c
Explanation:
In Securities Appellate Tribunal first appeal against SEBI be made.
- (80) Ans. a
Explanation:
Bid is the opposite of Ask/offer.
- (81) Ans. b
- (82) Ans. a
- (83) Ans. b
- (84) Ans. d
- (85) Ans. b
- (86) Ans. a

- (87) Ans. c
(88) Ans. a
(89) Ans. d
(90) Ans. a
(91) Ans. c
(92) Ans. c
(93) Ans. b
(94) Ans. c
(95) Ans. a
(96) Ans. b
(97) Ans. a
(98) Ans. b
(99) Ans. c
(100) Ans. b
