

(GCF-19, GCF-20, VCF-4, SCF-6 & SCF-7)**DATE: 18.02.2020****MAXIMUM MARKS: 100****TIMING: 2 Hours****ECONOMICS AND COMMERCIAL KNOWLEDGE****All Questions is compulsory.**

- (1) Scarcity in Economics is an :
 - (a) Absolute Concept
 - (b) Relative Concept
 - (c) Irrelevant Concept
 - (d) Not a Concept at all.
- (2) 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 is called:
 - (a) Problem solving
 - (b) Decision making
 - (c) Economic analysis
 - (d) Managerial Expertise
- (3) Business Economics has a Pragmatic Approach which means it is not :
 - (a) Practical
 - (b) Realistic
 - (c) Abstract
 - (d) All of the above
- (4) The emphasis of Business Economics is more on
 - (a) Normative theory only
 - (b) Positive theory only
 - (c) More Normative than Positive theory
 - (d) More Positive than Normative theory
- (5) Micro Economics deals with:
 - (a) External Value of Money
 - (b) Employment
 - (c) Savings and Investment
 - (d) Consumer Behaviour
- (6) Which of the following is an assumption of Law of Diminishing Marginal Utility ?
 - (a) Perfect Competition
 - (b) Continuous Consumption
 - (c) Constant Demand
 - (d) Ordinal Approach to Utility
- (7) Consumer is in equilibrium and he keeps purchasing till the point:
 - (a) Marginal Utility = Price
 - (b) Marginal Utility = Zero
 - (c) Marginal Utility = negative
 - (d) Marginal Utility = Quantity

- (8) Consumer Surplus is the area:
- (a) Below the Demand curve and above the price
 - (b) Above the Supply Curve and below the price
 - (c) Above the Demand Curve and below the price
 - (d) Below the Supply Curve and above the price
- (9) A Point below the Price Line represents:
- (a) Over-spending by the Consumer
 - (b) Under-spending by the Consumer
 - (c) Full-spending by the Consumer
 - (d) Any of the above
- (10) Which of the following is not an assumption in consumer equilibrium analysis under Indifference Curve Approach?
- (a) There is a give Indifference Map with different levels of satisfaction
 - (b) Income of the Consumer is fixed
 - (c) Price of Commodities are constant
 - (d) Only one commodity is considered for the purposes of analysis
- (11) Purchasing Power refers to :
- (a) Desire to buy the product
 - (b) Necessity to buy the product
 - (c) Ability to buy the product
 - (d) Utility of the product
- (12) Which of the following influence most the price level in the very short-run period ?
- (a) Demand
 - (b) Supply
 - (c) Cost
 - (d) Production
- (13) When a consumer prefers a commodity due to prestige attached to it, it is known as:
- (a) Substitution Effect
 - (b) Demonstration Effect
 - (c) Income Effect
 - (d) All of the above
- (14) The 'Substitution Effect' takes place due to change in
- (a) Income of the Consumer
 - (b) Prices of the Commodity
 - (c) Relative Prices of the commodities
 - (d) All of the above
- (15) In normal circumstances, if Government increases the tax on any product, the demand for the product in the short run
- (a) Increases
 - (b) Decreases
 - (c) Remain unchanged
 - (d) Tax has nothing to do with the demand for any product

- (16) 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
- (17) 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
- (18) Which is true statement?
- (a) Decreasing returns to scale and diminishing returns to production are two ways of stating the something.
 - (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
- (19) 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.
- (20) 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.
- (21) 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
- (22) 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

- (23) 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

Read the following paragraph and answer questions 24-26.

Aliya owns a small pottery factory. She can make 1,000 pieces of pottery per year and sell them for Rs. 500 each. It cost Aliya Rs. 35,000 for the raw materials to produce the 1,000 pieces of pottery. She has invested Rs. 2,00,000 in her factory and equipment : Rs. 1,50,000 from her savings and Rs 50,000 borrowed at 10 percent. (Assume that she could have loaned her money out at 20 percent, too.) Aliya can work at a competing pottery factory for Rs. 80,000 per year.

- (24) The accounting profit at Aliya's pottery factory is:
- (a) Rs. 3,00,000
 - (b) Rs. 4,60,000
 - (c) Rs. 3,80,000
 - (d) Rs. 3,75,000
- (25) The economic profit at Aliya's factory is:
- (a) Rs. 3,50,000
 - (b) Rs. 2,50,000
 - (c) Rs. 2,30,000
 - (d) Rs. 2,40,000
- (26) The implicit cost at Aliya's pottery factory is:
- (a) Rs. 30,000
 - (b) Rs. 50,000
 - (c) Rs. 80,000
 - (d) Rs. 75,000

Consider Sumit's production data given in the table 1. Use Table 1 to answer questions 27-29 :

Table 1

Number of workers	Total Output
1	10
2	22
3	31
4	40
5	47
6	52
7	56
8	58
9	60
10	61

- (27) Suppose Sumit has to pay his workers Rs 20 per hour, and further suppose there are no other production costs at all. What is the marginal product of the 5th worker?
- (a) 12
 - (b) 9
 - (c) 7
 - (d) 8

- (28) In Table 1, Sumit's Average Total Cost when 40 units are produced is:
- (a) Rs. 2
 - (b) Rs. 80
 - (c) Rs. 5
 - (d) Rs. 20
- (29) Using data in Table 1, we know that the approximate marginal cost of the 52nd unit of output is:
- (a) Rs. 0.25
 - (b) Rs. 1.25
 - (c) Rs. 2.50
 - (d) Rs. 4.00
- (30) Cross elasticity of demand between tea and coffee is:
- (a) Positive
 - (b) Negative
 - (c) Zero
 - (d) Infinity
- (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) When aggregate economic activity is increasing, the economy is said to be in
- (a) an expansion.
 - (b) a contraction.
 - (c) a peak.
 - (d) a turning point.
- (47) The LAC curve
- (a) Falls when the LMC curve falls
 - (b) Rises when the LMC curve rises
 - (c) Goes through the lowest point of the LMC curve
 - (d) Falls when $LMC < LAC$ and rises when $LMC > LAC$
- (48) Consumer stops purchasing the additional units of the commodity when
- (a) marginal utility starts declining
 - (b) marginal utility become zero
 - (c) marginal utility is equal to marginal utility of money
 - (d) total utility is increasing
- (49) Under income effect, consumer
- (a) moves along the original indifference curve
 - (b) moves to higher or lower indifference curve
 - (c) always purchases higher quantities of both the commodities
 - (d) none of the above
- (50) A perfectly competitive firm has control over
- (a) price
 - (b) production as well as price
 - (c) production, price and consumers
 - (d) none of the above
- (51) The demand curve facing an industrial firm under monopoly is
- (a) horizontal straight line
 - (b) indeterminate
 - (c) downward sloping
 - (d) upward sloping
- (52) Price discrimination is not possible:
- (a) under monopoly situation
 - (b) under any market firm
 - (c) under monopolistic competition
 - (d) under perfect competition

- (53) In the case of monopoly:
- (a) MR curve cannot be defined
 - (b) AR curve cannot be defined
 - (c) The short run supply curve cannot be defined
 - (d) None of the above

A competitive firm sells as much as of its product it chooses at a market price of Rs. 100 per unit. Its fixed cost is Rs. 300 and its variable costs (in rupees) for different levels of production are shown in the following table. Use Table 1 to answer questions 54-57.

Qty.	Variable Cost	Fixed Cost	Total Cost	Average Variable Cost	Average Total Cost	Marginal Cost
0	0	-	-	-	-	-
5	270					
10	490					
15	720					
20	1000					
25	1370					
30	1870					
35	2540					
40	3420					
45	4550					
50	5970					

- (54) When production is 35 units, the average variable cost is: _____
- (a) Rs. 7.25
 - (b) Rs. 72.25
 - (c) Rs. 72.57
 - (d) Rs. 85.50
- (55) In the table marginal cost per unit that corresponds to 25 units of production is
- (a) Rs. 3.50
 - (b) Rs. 74
 - (c) Rs. 450
 - (d) Rs. 370
- (56) To maximize output, the firm should produce
- (a) 30
 - (b) 35
 - (c) 45
 - (d) 50
- (57) If the market price drops from Rs. 100 to Rs. 74, the firm short run response should be: _____
- (a) Continue to produce the same number of units as before the drop in price
 - (b) Produce 10 units
 - (c) Produce 20 units
 - (d) Produce 25 units

- (58) The kinked demand curve model of oligopoly assumes that :
- (a) response (of consumers) to a price increase is less than the response to a price decrease
 - (b) response (of consumers) to a price increase is more than the response to a price decrease
 - (c) elasticity of demand is constant regardless of whether price increases or decreases
 - (d) elasticity of demand is perfectly elastic if price increases and perfectly inelastic if price decreases
- (59) 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
- (60) The producer is in equilibrium at a point where the cost line is:
- (a) above the isoquant
 - (b) below the isoquant
 - (c) cutting the isoquant
 - (d) tangent to isoquant
- (61) Transfer of Interest exists in :
- (a) Business
 - (b) Profession
 - (c) Employment
 - (d) None of the above
- (62) What is the psychological motive of employment
- (a) Service to society
 - (b) Earning livelihood
 - (c) Earning profits
 - (d) Displaying skills
- (63) Which of the following is an advantage of joint ownership ?
- (a) Quick decisions
 - (b) Pooling of Capital
 - (c) Personal Interest
 - (d) All the above
- (64) Personal interest in business is more in
- (a) HUF
 - (b) Partnership
 - (c) Sole Proprietorship
 - (d) LLP
- (65) Non-corporate Entity includes :
- (a) Sole Proprietorship, HUF and Partnership
 - (b) HUF, Trust and LLP
 - (c) Partnership LLP and Private companies
 - (d) Sole Proprietorship, LLP and Partnership

- (66) _____ successive generations of an Undivided Family are known as HUF.
- (a) 2
 - (b) 3
 - (c) 4
 - (d) 5
- (67) 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
- (68) The major textile brand 'Vimal' was introduced in which year ?
- (a) 1975
 - (b) 1965
 - (c) 1985
 - (d) 1986
- (69) 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
- (70) 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
- (71) A financial expression of the value of that product is called-
- (a) Price
 - (b) Cost
 - (c) Expenditure
 - (d) None of the above
- (72) A signed instrument of acknowledgment that indicates the approval is called-
- (a) Acceptance
 - (b) Terms
 - (c) Conditions
 - (d) None of the above
- (73) The price sensitivity of the market is an important factor of which element of Micro environment:
- (a) Suppliers
 - (b) Market
 - (c) Intermediaries
 - (d) Customer

- (74) Business and technology are:
(a) Interrelated
(b) Interdependent
(c) Interrelated & Interdependent
(d) None of the above
- (75) Which industrial category does Wipro Ltd. come under?
(a) Pharmaceuticals & Drugs
(b) Diversified
(c) Media
(d) IT- Software
- (76) 'My customer First' is the Vision of which Bank?
(a) SBI
(b) Axis Bank
(c) HDFC Bank
(d) Bank of Baroda
- (77) 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
- (78) 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
- (79) Where can the first appeal against SEBI be made?
(a) High Court
(b) Supreme Court
(c) Securities Appellate Tribunal
(d) RBI
- (80) Bid is the opposite of
(a) Ask/offer
(b) Call
(c) Equity
(d) None of the above
- (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 nance, 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) The collection of businesses and products that make up the business is called
- (a) Business Diversification
 - (b) Consortium
 - (c) Business Portfolio
 - (d) None of the above
- (92) The term ownership refers to the right of an individual or a group of individuals to acquire legal title to assets or properties for the purpose of _____.
- (a) Earning profits
 - (b) Selling goods
 - (c) Running the business
 - (d) Serving the society
- (93) Rates of interest which can be changed contractually by lender is called
- (a) Bank rate
 - (b) Administered rates
 - (c) Accrued interest
 - (d) None of the above
- (94) Measure of change in financial parameters such as interest, stock indices and market rates is called
- (a) Census
 - (b) Index
 - (c) Basis point
 - (d) None of the above
- (95) Secondary protection sometimes required by a bank and intended to guarantee a borrower's performance on a debt obligation is called
- (a) Collateral security
 - (b) Certificate of deposit
 - (c) Deposit slip
 - (d) None of the above
- (96) A document issued by a bank (on behalf of the buyer or the importer), stating its commitment to pay a third party (seller or the exporter), a specific amount, for the purchase of goods by its customer, who is the buyer is called
- (a) Promissory Note
 - (b) Letter of Credit
 - (c) Cheque
 - (d) None of the above
- (97) Limited Liability Partnership Act, 2008 came into effect by way of notification dated _____.
- (a) 31st March 2009
 - (b) 31st March 2010
 - (c) 31st March 2008
 - (d) 31st March 2011

- (98) An example of Point of Contact (POC) Business Facilitators
- (a) Transport Agency
 - (b) Business Incubator
 - (c) Bank
 - (d) Insurance Company
- (99) _____ is rate at which Banks borrow money from the RBI against or sale of Government Securities to RBI.
- (a) Demand Rate
 - (b) Interest Rate
 - (c) Repo Rate
 - (d) Reverse Repo Rate
- (100) FDI Limit in Insurance Sector is –
- (a) 39%
 - (b) 49%
 - (c) 29%
 - (d) 59%
