

(GCF-19, GCF-20, VCF-4, SCF-6 & SCF-7)**DATE: 13.07.2020****MAXIMUM MARKS: 100****TIMING: 2 Hours****ECONOMICS AND COMMERCIAL KNOWLEDGE****All Questions is compulsory.**

- (1) Which of the following statements is false?
- Economic costs include the opportunity costs of the resources owned by the firm.
 - Accounting costs include only explicit costs.
 - Economic profit will always be more than accounting profit if resources owned and used by the firm have any opportunity costs.
 - Accounting profit is equal to total revenue less explicit costs.
- (2) Which of the following statements is correct?
- If marginal revenue exceeds marginal cost the firm should decrease output.
 - If marginal cost exceeds marginal revenue the firm should increase output.
 - Economic profits are maximized when total costs are equal to total revenue.
 - Profits are maximized when marginal revenue equals marginal cost.
- (3) Which one of the following statement is incorrect?
- Perfect competitive firms are price makers and not price takers.
 - Price discrimination is possible in monopoly only.
 - Duopoly may lead to monopoly.
 - Competitive firm never seeks to discriminate prices.
- (4) Which of the following is not an essential condition of perfect competition?
- Large number of buyers and sellers
 - Homogeneous product
 - No control over price
 - Elastic demand
- (5) Monopolistic competition differs from perfect competition primarily because
- in monopolistic competition, firms have selling cost
 - in perfect competition, firms can not differentiate their products.
 - in monopolistic competition, entry into the industry is blocked.
 - both (a) & (b)
- (6) Which of the following statements is incorrect?
- Even monopolistic can earn losses.
 - Firms in a perfectly competitive market are price takers.
 - It is always beneficial for a firm in a monopoly market to discriminate prices.
 - Kinked demand curve is related to an monopoly market.

Answer the following Questions: (Q. 7 to 10)

Quantity	AVC	TVC	TC	MC	AFC
1			60		
2		36			
3				18	
4	20				
5			150		8

- (7) Find TVC of 4th Unit.
(a) 110
(b) 150
(c) 120
(d) 80
- (8) Find MC of 4th Unit:
(a) 10
(b) 15
(c) 26
(d) 40
- (9) Find AVC of 2nd Unit:
(a) 18
(b) 20
(c) 54
(d) 36
- (10) Find TC of 4th Unit:
(a) 60
(b) 76
(c) 94
(d) 120
- (11) 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.
- (12) Which is true statement?
(a) Decreasing returns to scale and diminishing returns to production are two different concepts
(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
- (13) Calculate total cost of 4 units.
- | Units | Total Cost (Rs.) | Marginal Cost (Rs.) |
|-------|------------------|---------------------|
| 2 | 80 | 50 |
| 4 | – | 40 |
- (a) 140
(b) 120
(c) 160
(d) 40
- (14) 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

- (15) If Cross Elasticity of Demand = Infinity, 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 16-18.

Radhika owns a small pen factory. She can make 1,000 pieces of pen per year and sell them for Rs. 400 each. It cost Radhika Rs. 35,000 for the raw materials to produce the 1,000 pieces of pen. 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 30 percent, too.) Radhika can work at a competing pen factory for Rs. 80,000 per year.

- (16) The accounting profit at Radhika's pen factory is:
- (a) Rs. 3,00,000
 - (b) Rs. 4,60,000
 - (c) Rs. 3,60,000
 - (d) Rs. 3,75,000
- (17) The economic profit at Radhika's factory is:
- (a) Rs. 3,50,000
 - (b) Rs. 2,50,000
 - (c) Rs. 2,35,000
 - (d) Rs. 2,40,000
- (18) The implicit cost at Radhika's pen factory is:
- (a) Rs. 45,000
 - (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 19-20:

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

- (19) Suppose Sumit has to pay his workers Rs. 40 per labour, and further suppose there are no other production costs at all. What is the marginal product of the 4th worker?
- (a) 12
 - (b) 9
 - (c) 7
 - (d) 8

- (20) In Table 1, Sumit's Average Total Cost when 40 units are produced is:
- (a) Rs. 2
 - (b) Rs. 80
 - (c) Rs. 4
 - (d) Rs. 20
- (21) The optimum level of production for a firm is, where –
- (a) MC is minimum
 - (b) AVC is minimum
 - (c) AFC is minimum
 - (d) AC is minimum
- (22) 'X' is working in Birla Cement for Rs. 20,000, he is proposed to work in Shree Cement for Rs. 50,000 if he accepts the proposal then opportunity cost is –
- (a) Rs. 20,000
 - (b) Rs. 50,000
 - (c) Rs. 30,000
 - (d) No opportunity Cost
- (23) Diminishing marginal return imply:
- (a) decreasing average variable costs
 - (b) decreasing marginal costs
 - (c) increasing marginal costs
 - (d) decreasing average fixed costs
- (24) Labour intensive technique would get chosen in a :
- (a) labour surplus economy
 - (b) capital surplus economy
 - (c) developed economy
 - (d) developing economy
- (25) In electricity generation plants, when the plant grows too large, risks of plant failure with regard to output increase disproportionately. This is talking about which concept of returns to scale?
- (a) Constant returns to scale
 - (b) Increasing returns to scale
 - (c) Decreasing returns to scale
 - (d) Balanced returns to scale
- (26) Economics is -
- (a) a perfect science
 - (b) not a perfect science
 - (c) not a science at all
 - (d) none of the above
- (27) Economic laws are-
- (a) Rigid and absolute
 - (b) Subject to specified assumptions
 - (c) Mandatory
 - (d) Strictly enforced by Government

- (28) An Indifference Curve slopes down towards right, since more of one commodity and less of another result in –
(a) Same satisfaction
(b) Greater satisfaction
(c) Maximum satisfaction
(d) Decreasing expenditure
- (29) Period in which supply cannot be increased is called
(a) Market Period
(b) Short Run
(c) Long Run
(d) None of these
- (30) Which of the following statements is incorrect?
(a) Both AP and MP can be calculated from T.P.
(b) When AP rises then $MP > AP$
(c) When AP is maximum then $MP = AP$
(d) When AP falls, MP also falls but $MP > AP$
- (31) A study of how increases in the corporate income tax rate will affect the national unemployment rate is an example of
(a) macro-economics.
(b) descriptive economics.
(c) micro-economics.
(d) normative economics.
- (32) The difference between positive and normative Economics is:
(a) Positive Economics explains the performance of the economy while normative Economics nds out the reasons for poor performance.
(b) Positive Economics describes the facts of the economy while normative Economics involves evaluating whether some of these are good or bad for the welfare of the people.
(c) Normative Economics describes the facts of the economy while positive Economics involves evaluating whether some of these are good or bad for the welfare of the people.
(d) Positive Economics prescribes while normative Economics describes.
- (33) Which of the following is not within the scope of Business Economics?
(a) Capital Budgeting
(b) risk Analysis
(c) Business Cycles
(d) Accounting Standards
- (34) An increase in the demand can result from:
(a) A decline in market price.
(b) An increase in income.
(c) A reduction in the price of substitutes.
(d) An increase in the price of complements.

- (35) When the income of "X" was Rs. 5000 then he spent his income on goods Rs. 2000 and when the income increased upto Rs. 8000 then he used to spend his income on goods Rs. 5000. Hence, show the relationship between income and income spent on goods through the elasticity.
- (a) $e > 1$
 - (b) $e = 1$
 - (c) $e = 0$
 - (d) $e < 1$
- (36) Elasticity between any two given points of a demand curve is called.
- (a) Price Elasticity
 - (b) ARC Elasticity
 - (c) Point Elasticity
 - (d) Income Elasticity
- (37) Demand arises in respect of-
- (a) Socially desirable goods, e.g. food, clothing
 - (b) Harmful goods, e.g. liquor, cigarettes, etc
 - (c) Both (a) and (b)
 - (d) Neither (a) nor (b)
- (38) Which of the following condition does not apply to average product curve?
- (a) Positive Slope
 - (b) Downward Slope
 - (c) Constant Slope
 - (d) Slope in negative section of the graph
- (39) If the demand for a product is elastic, an increase in its price will cause the Total Expenditure of the Consumers to –
- (a) Remain the same
 - (b) Increase
 - (c) Decrease
 - (d) Any of these
- (40) In the short-run,.....factor(s) of production is / are variable.
- (a) All
 - (b) None
 - (c) One
 - (d) All of the above
- (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) Where can the first appeal against SEBI be made?
- (a) High Court
 - (b) Supreme Court
 - (c) Securities Appellate Tribunal
 - (d) RBI
- (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) What is a financial instrument?
- (a) Anything that ranges from cash, deed, negotiable instrument, or for that matter any written and authenticated evidence that shows the existence of a transaction or agreement.
 - (b) Is basically any security that is held with the government and has the highest possible rate of interest.
 - (c) Is a contract where the borrower, who is also the purchaser, pays a series of installments that includes the interest of the principal amount
 - (d) None of the above

- (82) A guarantee given by the lender that there will be no change in the quoted mortgage rates for a specified period of time, which is called the _____.
(a) Lock-in period
(b) Maturity
(c) Holding Period
(d) Due date
- (83) _____represents all external forces, factors of conditions that exert some degree of impact on the business decisions, strategies and actions taken by the Firm.
(a) Business Location
(b) Business Environment
(c) Business Threat
(d) Business Surrounding
- (84) Internal factors affecting a business environment is also referred to as _____.
(a) Controllable
(b) Uncontrollable factors.
(c) Relevant
(d) Global
- (85) External factors affecting a business environment is also referred to as _____.
(a) Controllable
(b) Relevant
(c) Global
(d) Uncontrollable
- (86) What are the pre-requisites for a Firm to respond to the External Environment?
(a) Monitoring the Environment
(b) Identifying the factors
(c) Capacity to develop effective responses
(d) All of the above
- (87) In external environmental scanning, interest rates, cycle of recessions and inflation are classified as
(a) Geographic influences
(b) Government influences
(c) Economic influences
(d) Technological advancement
- (88) While considering factors for Environment Scanning what does "Issues" indicate?
(a) Specific occurrences taking place in different environmental sectors
(b) General tendencies or the courses of action along which events take place
(c) Current concerns that arise in response to events and trends and emerging issues
(d) Demands made by interested groups in the light of their concern for issues

- (89) Which of the following statements is true about Competitive Response?
- (a) It seeks to enhance the Entity's performance by establishing a Competitive Advantage over its rivals.
 - (b) It aims at defining the Entity's purpose and key tasks in relationship to particular environments.
 - (c) It helps Entities to manage environmental uncertainty and perform tasks that are too costly and complicated for single Entities to perform.
 - (d) All the above.
- (90) Which approach has the least resistance in responding to the Environment?
- (a) Confident Approach
 - (b) Conservative Approach
 - (c) Cautious Approach
 - (d) Careful Approach
- (91) What is price sensitivity?
- (a) the effect a change in price will have on customers.
 - (b) charging a relatively high price for a short time where a new, innovative, or much-improved product is launched onto a market.
 - (c) a strategy involves setting low prices in order to discourage or deter potential new entrants to the suppliers market.
 - (d) It measures the responsiveness of a change in demand for a product following a change in its own price.
- (92) What is meant by B2B?
- (a) Buying behaviour that concerns the process that buyers go through when deciding whether or not to purchase goods or services.
 - (b) A company's business model is management's storyline for how the strategy will be a money maker.
 - (c) Marketing activity directed from one business to another.
 - (d) None of the above
- (93) Which of the following is an advantage of joint ownership ?
- (a) Quick decisions
 - (b) Pooling of Capital
 - (c) Personal Interest
 - (d) All the above
- (94) 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
- (95) Organisations depend upon which environment for Input:
- (a) Technological Environment
 - (b) Social-Economic Environment
 - (c) External Environment
 - (d) Legal Environment

- (96) Power System Operation Corporation Limited is subsidiary of which company ?
(a) ONGC
(b) Power Grid
(c) IOC
(d) NTPC
- (97) A change in the Environment:
(a) is always Accepted by Firms
(b) is always declined by Firms
(c) May be an opportunity to some and threat to some other Firms
(d) None of the above
- (98) The following statement relates to which strategic response approach to the environment: They seek to monitor the changes in that environment, analyse their impact on their own goals and activities and translate their assessment in terms of specific strategies for survival, stability and strength.
(a) Proceed with caution
(b) Least resistance
(c) Dynamic response
(d) Static Response
- (99) David Easton propounded a Model on Politics-Policy Relationship known as :
(a) Feedback
(b) Black Box Model
(c) White Box Model
(d) Both (a) and (b)
- (100) Waiving of farm loans is an example of :
(a) Regulatory Policy
(b) Facilitative Policy
(c) Restrictive Policy
(d) Distributive Policy
