

(GCF-19, GCF-20, VCF-4, SCF-6 & SCF-7)**DATE: 19.06.2020****MAXIMUM MARKS: 100****TIMING: 2 Hours****ECONOMICS AND COMMERCIAL KNOWLEDGE****All Questions is compulsory.**

- (1) 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
- (2) Which cost increases continuously with the increase in production?
 - (a) Average cost
 - (b) Marginal cost
 - (c) Fixed cost
 - (d) Variable cost
- (3) If the demand curve for a good is horizontal, 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
- (4) 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
- (5) 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
- (6) 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
- (7) 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

- (8) 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
- (9) 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
- (10) The monopolist can fix any price for his product, but cannot determine _____ of his product
- (a) Revenue
 - (b) Cost
 - (c) Supply
 - (d) Demand
- (11) 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
- (12) Dumping is related to which market:
- (a) Perfect Competition
 - (b) Monopolistic Competition
 - (c) Monopoly
 - (d) None of the above
- (13) Exploitation and inequality are maximum under:
- (a) Socialism
 - (b) Capitalism
 - (c) Mixed economy
 - (d) None of the above
- (14) Economic indicators in demand forecasting is called:
- (a) Trend Projection Method
 - (b) Barometric method
 - (c) Least Square method
 - (d) Gauge method
- (15) If the price of Banana rises from Rs 20 per dozen to Rs. 30 per dozen and the supply increases from 250 dozen to 320 dozens elasticity of supply is:
- (a) .70
 - (b) -.67
 - (c) .61
 - (d) .77

- (16) Change in demand, as a result of the factors other than price is known as –
(a) Demand Fluctuation
(b) Contraction / Expansion of Demand
(c) Demand Shrinking
(d) Shift in Demand
- (17) In the case of habituality, the price elasticity will be:
(a) Inelastic
(b) Elastic
(c) Unitary Elastic
(d) Perfectly Inelastic
- (18) Which of the following goods give the maximum amount of consumer surplus?
(a) Icecream
(b) Car
(c) Color television
(d) Water
- (19) The total area under the demand curve of a product measures-
(a) Marginal utility
(b) Total utility
(c) Consumer's Surplus
(d) Producers' Surplus
- (20) In which stage of production a rational producer would like to operate?
(a) Where MP is maximum
(b) Where Both MP & AP decrease but positively
(c) Where MP is negative
(d) (b) & (c) both
- (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 enterprinuer
 - (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) In the case of a Giffen good, the demand curve will be:
- (a) horizontal
 - (b) downward-sloping to the right
 - (c) upward-sloping to the right
 - (d) vertical
- (42) An isoquant slopes :
- (a) downward to the left
 - (b) downward to the right
 - (c) upward to the left
 - (d) upward to the right
- (43) The structure of the cold drink industry in India is best described as:
- (a) Perfectly competitive
 - (b) Monopolistic
 - (c) Oligopolistic
 - (d) Monopolistically competitive
- (44) If a seller realizes Rs. 10,000 after selling 100 units and Rs. 14,000 after selling 120 units. What is the marginal revenue here?
- (a) Rs. 4000
 - (b) Rs. 450
 - (c) Rs. 200
 - (d) Rs. 100
- (45) In economics, what a consumer is ready to pay minus what he actually pays, is termed as:
- (a) Consumer's equilibrium
 - (b) Consumer's surplus
 - (c) Consumer's expenditure
 - (d) None of the above
- (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
- marginal utility starts declining
 - marginal utility become zero
 - marginal utility is equal to marginal utility of money
 - total utility is increasing
- (49) Under income effect, consumer
- moves along the original indifference curve
 - moves to higher or lower indifference curve
 - always purchases higher quantities of both the commodities
 - none of the above
- (50) A perfectly competitive firm has control over
- price
 - production as well as price
 - production, price and consumers
 - none of the above
- (51) The demand curve facing an industrial firm under monopoly is
- horizontal straight line
 - indeterminate
 - downward sloping
 - upward sloping
- (52) Price discrimination is not possible:
- under monopoly situation
 - under any market firm
 - under monopolistic competition
 - under perfect competition
- (53) In the case of monopoly:
- MR curve cannot be defined
 - AR curve cannot be defined
 - The short run supply curve cannot be defined
 - 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 profit maximization, 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) 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) Who is the present CFO of SBI?
- (a) Prashant Kumar,
 - (b) Natrajan Chandrasekaran,
 - (c) Alok Kumar Agarwal,
 - (d) None of the above
- (64) 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
- (65) 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
- (66) 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
- (67) 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
- (68) In India, Foreign Investments is prohibited in:
- (a) Chit Funds
 - (b) Real Estate
 - (c) Cigar manufacturing
 - (d) All of the above

- (69) Which of the following statements describes the best Joint Hindu / Hindu Undivided Family (HUF) Business?
- (a) It is a form of business particular to and recognized as such in India
 - (b) Every family business is in fact a HUF Business
 - (c) In HUF businesses, there is a family involvement in business
 - (d) Both (a) and (c)
- (70) Which of the following exhibit characteristic of Business Environment?
- I) Environment is static
 - II) Environment is dynamic
 - III) Environment is complex and multi-faceted
 - IV) It has short term reach
- Options
- (a) Point I & III
 - (b) Point I, II & III
 - (c) Point II & IV
 - (d) Point II & III
- (71) Who occupies the central position in the marketing environment?
- (a) Consumer
 - (b) Customer
 - (c) Organisation
 - (d) All of the above
- (72) The price sensitivity of the market is an important factor of which element of Micro environment:
- (a) Suppliers
 - (b) Market
 - (c) Intermediaries
 - (d) Customer
- (73) Which of the following is not a part of the economic environment?
- (a) Market and trade cycles
 - (b) Consumer buying patterns
 - (c) Strength of consumer spending
 - (d) Interest and exchange rates
- (74) The _____ environment refers to the nature and direction of the economy in which a company competes or may compete.
- (a) Socio-cultural
 - (b) Internal
 - (c) Micro
 - (d) Economic
- (75) When was Reliance Industries Ltd. incorporated?
- (a) 1965
 - (b) 1966
 - (c) 1978
 - (d) 1959

- (76) Which gas company owns India's largest pipeline network?
(a) Gail (India) Ltd.
(b) Bharat Petroleum Corporation Ltd.
(c) Reliance Industries Ltd.
(d) ONGC
- (77) What is the Global Banking platform by EdgeVerve Systems(Infosys) called?
(a) Mana
(b) Finacle
(c) Skava
(d) Panaya Cloud Suite
- (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) The form of privatization, where government keeps hold of responsibility and private enterprise handles the management of it fully or partly is known as:
(a) Disinvestment
(b) Deregulation
(c) Delegation
(d) Decentralization
- (80) Hyundai India Limited came to India through the FDI route. It followed the path of:
(a) Divestment in Public Sector Unit
(b) Joint Venture
(c) By creating a 100% Indian subsidiary
(d) Replacement of a government sector business
- (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%
