

**(GCF-19, GCF-20, GCF-21, GCF-22, GCF-23, VCF-4, SCF-8,  
NOV-20 PD & GD, Foundation Nov. 19 Rep.)**

**DATE: 16.08.2020**

**MAXIMUM MARKS: 100**

**TIMING: 2 Hours**

**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

Consider Sumit's production data given in the table 1. Use Table 1 to answer question 21. If per labour cost is Rs. 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

- (21) Using data in Table 1, we know that the approximate marginal cost of the 52 unit of output is:
- (a) Rs. 0.25
  - (b) Rs. 1.25
  - (c) Rs. 5.71
  - (d) Rs. 4.00

- (22) What is the elasticity between mid point and lower extreme point of a straight line continuous demand curve?
- (a) Infinite
  - (b) Zero
  - (c) Greater than one
  - (d) Less than one

- (23) The convexity of indifference curve is due to:
- (a) Declining marginal rate of substitution
  - (b) Resources are scarce
  - (c) Constant marginal rate of substitution
  - (d) Both (a) & (b)

- (24) You are given the following data:

Table 1	
Output	Total Output
0	0
1	15
2	35
3	60
4	92
5	140

The above data is an example of:

- (a) Decreasing returns to scale.
  - (b) Constant returns to scale.
  - (c) Increasing returns to scale.
  - (d) Positive fixed cost.
- (25) Under monopoly, in the long run, there will be no\_\_\_\_\_
- (a) Normal profits
  - (b) Supernormal profits
  - (c) Production
  - (d) Costs
- (26) The most probable outcome of an increase in the money supply is
- (a) Interest rates to rise, investment spending to rise, and aggregate demand to rise
  - (b) Interest rates to rise, investment spending to fall, and aggregate demand to fall
  - (c) Interest rates to fall, investment spending to rise, and aggregate demand to rise
  - (d) Interest rates to fall, investment spending to fall, and aggregate demand to fall
- (27) Suppose a department store has a sale on its silverware. If the price of a plate-setting is reduced from Rs. 300 to Rs. 200 and the quantity demanded increases from 3,000 plate-settings to 5,000 plate-settings, what is the price elasticity of demand for silverware?
- (a) 8
  - (b) 1.0
  - (c) 1.25
  - (d) 1.50

- (28) Suppose the demand for meals at a medium-priced restaurant is elastic. If the management of the restaurant is considering raising prices, it can expect a relatively:
- (a) large fall in quantity demanded
  - (b) large fall in demand
  - (c) small fall in quantity demanded
  - (d) small fall in demand
- (29) When the perfectly competitive firm and industry are in long run equilibrium then:
- (a)  $P = MR = SAC = LAC$
  - (b)  $D = MR = SMC = LMC$
  - (c)  $P = MR =$  Lowest point on the LAC curve
  - (d) All of the above
- (30) In monopoly, the relationship between average and marginal revenue curves is as follows:
- (a) AR curve lies above the MR curve
  - (b) AR curve coincides with the MR curve
  - (c) AR curve lies below the MR curve
  - (d) AR curve is parallel to the MR curve
- (31) The opportunity cost of a good is
- (a) the time lost in finding it
  - (b) the quantity of other goods sacrificed to get another unit of that good
  - (c) the expenditure on the good
  - (d) the loss of interest in using savings
- (32) Relationship between AR, MR and Price elasticity of demand is
- (a)  $MR = AR + [e - 1/e]$
  - (b)  $MR = AR \times [e - 1/e]$
  - (c)  $AR = MR \times [e - 1/e]$
  - (d)  $MR = AR \times [e/e - 1]$
- (33) In perfect competition the firm's \_\_\_\_\_ above AVC has the identical shape of the firm's supply curve
- (a) Marginal revenue curve
  - (b) Marginal cost curve
  - (c) Average cost curve
  - (d) None of the above
- (34) If the demand curve for good X is downward-sloping, an increase in the price will result in-
- (a) A decrease in the demand for good X.
  - (b) No change in the quantity demanded for good X.
  - (c) A larger quantity demanded for good X.
  - (d) A smaller quantity demanded for good X.
- (35) Yesterday, seller A supplied 400 units of a good X at Rs. 10 per unit. Today, seller A supplies 200 units at Rs. 5 per unit. Based on this evidence, seller A has experienced a (an)
- (a) Decrease in supply.
  - (b) Increase in supply.
  - (c) Increase in the quantity supplied.
  - (d) Decrease in the quantity supplied.

- (36) Price discrimination is a situation when a producer
- (a) Charges different prices in different markets
  - (b) Charges same price
  - (c) Charges many prices
  - (d) All of the above.
- (37) If oligopolists engage in collusion and successfully form a cartel, the market outcome is
- (a) The same as if it were served by a monopoly
  - (b) The same as if it were served by competitive firms
  - (c) Efficient because cooperation improves efficiency
  - (d) Known as Nash equilibrium
- (38) Suppose you find Rs. 100. If you choose to use Rs. 100 to go to a football match, your opportunity cost of going to the game is\_\_\_\_\_.
- (a) Nothing, because you found the money.
  - (b) Rs. 100 (because you could have used Rs. 100 to buy other things) plus the value of your time spent at the game.
  - (c) Rs. 100 (because you could have used the Rs. 100 to buy other things) plus the value of your time spent at the game, plus the cost of the dinner you purchased at the game.
  - (d) Rs. 100 (because you could have used the Rs. 100 to buy other things).
- (39) If a fisherman must sell all of his daily catch before it spoils for whatever price he is offered, once the fish are caught the fisherman's price elasticity of supply for fresh fish is\_\_\_\_\_.
- (a) zero.
  - (b) infinite.
  - (c) one.
  - (d) unable to be determined from this information.
- (40) Which of the following statements is normative?
- (a) Large government deficits cause an economy to grow more slowly.
  - (b) People work harder if the wage is higher.
  - (c) The unemployment rate should be less.
  - (d) Printing too much money causes inflation.
- (41) Production function refers to a
- (a) relationship between Output and cost
  - (b) relationship between inputs and output
  - (c) physical relationship between input and output
  - (d) relationship between capital and labour expressed in terms of wage rental ratio
- (42) When the government constructs a public park and the cost incurred in constructing the park is known as-
- (a) Social Cost
  - (b) Marginal Cost
  - (c) Real Cost
  - (d) Personal Cost

- (43) From the following details, find out the average variable cost of 10 units:
- |              |         |         |         |
|--------------|---------|---------|---------|
| OUTPUT :     | 0       | 10      | 20      |
| Total cost : | Rs. 200 | Rs. 400 | Rs. 800 |
- (a) Rs. 40  
(b) Rs. 20  
(c) Rs. 200  
(d) Rs. 400
- (44) In Perfect Competition, since the Firm is a price-taker, the \_\_\_\_\_ Curve is a Straight Line.  
(a) Marginal Cost  
(b) total Cost  
(c) total Revenue  
(d) Marginal Revenue
- (45) If the consumer is below his budget line, the consumer :  
(a) Is not spending all of his income  
(b) Is spending all of his income  
(c) May or may not spending all of his income  
(d) Is in equilibrium
- (46) The longer the period of time the elasticity of supply will be :  
(a) Constant  
(b) Less Elastic  
(c) More Elastic  
(d) All of the above
- (47) When average product is falling it is :  
(a) Less than marginal product  
(b) More than marginal product  
(c) Equal to marginal product  
(d) Any of the above
- (48) Diminishing marginal return for the first four units of a variable input is shown by the following total product sequence :  
(a) 5, 5, 5, 5  
(b) 5, 11, 18, 26  
(c) 5, 9, 12, 14  
(d) 5, 10, 15, 20
- (49) When TR falls :  
(a) The AR is zero  
(b) The MR is zero  
(c) The MR is negative  
(d) The AR is declining
- (50) Microeconomics is :  
(a) Abstract  
(b) Theoretical  
(c) Unrealistic Assumptions  
(d) All of the above

- (51) The Delphi technique was developed by\_\_\_\_\_
- (a) Peter Drucker
  - (b) Alfred Marshall
  - (c) Olaf Helmer
  - (d) Adam Smith
- (52) Trend projection method of demand forecasting is also known as\_\_\_\_\_method :
- (a) Modern
  - (b) Classical
  - (c) Innovative
  - (d) All of the above
- (53) The supply function is given as  $Q = -100 + 20P$  find the elasticity of supply using point method when price is 20 Rs. :
- (a) 300
  - (b) 3
  - (c) 1.33
  - (d) 5
- (54) If the Qd of X commodity increase by 50% when the price of Y commodity decreases by 50% then the cross elasticity of demand is :
- (a) + 1%
  - (b) - 1%
  - (c) 100%
  - (d) -100%
- (55) Private cost's are\_\_\_\_\_
- (a) Explicit in nature
  - (b) Implicit in nature
  - (c) Both a and b
  - (d) Neutral
- (56) \_\_\_\_\_is also called free market :
- (a) Regulated Market
  - (b) Spot Market
  - (c) Unregulated Market
  - (d) Long period Market
- (57) "Aluminum Industry" is an example of :
- (a) Perfect Oligopoly
  - (b) Closed Oligopoly
  - (c) Syndicated Oligopoly
  - (d) Organized Oligopoly
- (58) Price discrimination is one of the important feature in\_\_\_\_\_
- (a) Duopoly
  - (b) Monopoly
  - (c) Perfect Competition
  - (d) Oligopoly



- (59) Time element was given by :  
(a) Alfred Marshall  
(b) Pigou  
(c) Robbins  
(d) Adam Smith
- (60) The cobweb theory was propounded by\_\_\_\_\_  
(a) Adam Smith  
(b) Nicholas Kaldor  
(c) Keynes  
(d) Pigou
- (61) \_\_\_\_\_ implies not only a complete closure or termination of partnership business, but it also includes any change in the existing agreement among the partners due to a change in the number of partners.  
(a) Dissolution of partnership  
(b) Winding up  
(c) Closure of business  
(d) Sale of all assets of firm
- (62) What is the kind of response that businesses should make efforts to exploit the opportunity and thought the threats:  
(a) Strategic Responses  
(b) Least resistance  
(c) Diversify  
(d) Simplify
- (63) External factors in a Business Environment, include-  
(a) Opportunities  
(b) Threats  
(c) Both (a) and (b)  
(d) None of the above
- (64) \_\_\_\_\_ Environment is beyond the control of the business.  
(a) Internal  
(b) External  
(c) Micro  
(d) Macro
- (65) Why is it difficult to understand Environmental Influences?  
(a) It has different sub-systems  
(b) It cannot be predicted easily  
(c) It has a complex frame work  
(d) All of the above
- (66) Supplier Environment does not have an impact on-  
(a) Quality of materials  
(b) Cost of materials and service  
(c) Changes in consumer tastes, preference and expectations  
(d) Availability of materials and services

- (67) Monetary Policy includes-
- (a) Activities and interventions that aim at smooth supply of credit to the business and a boost to trade and industry
  - (b) Policy in respect of Public Expenditure, Taxation (both Direct and Indirect) and Public Debt.
  - (c) Regulating the inflow of Foreign Investment in various sector for speeding up industrial development, and related objectives
  - (d) Increasing exports and bridge the gap between Exports and Imports
- (68) \_\_\_\_\_policy aims at regulating the inflow of foreign investment in various sectors for speeding up industrial development, and related objectives.
- (a) Fiscal
  - (b) Monetary
  - (c) Foreign Investment
  - (d) Both (a) and (c)
- (69) \_\_\_\_\_analysis is a way of scanning the environmental influences that have affected or are likely to affect an organization or its policy-
- (a) SWOT
  - (b) PESTLE
  - (c) COSMIC
  - (d) None of the above
- (70) What is Intel's rank in the "Fortune 500 companies list in 2019"?
- (a) 48th
  - (b) 43th
  - (c) 45th
  - (d) 38th
- (71) By what name are the Education and Stationary products by ITC known in India?
- (a) Camel
  - (b) Apsara
  - (c) Natraj
  - (d) Classmate
- (72) Who is the CMD of Power Grid Corporation of India Ltd.?
- (a) I.S. Jha
  - (b) K Sreekant
  - (c) Vishal Sikka
  - (d) M. D. Ranganath
- (73) The shares of the company are easily transferable. The shares can be bought and sold in the \_\_\_\_\_.
- (a) Domestic market
  - (b) Company market
  - (c) Stock market
  - (d) Open market
- (74) Simplification of trade restrictions related to import is an example of:
- (a) Globalization
  - (b) Privatization
  - (c) Disinvestment
  - (d) Aggregation

- (75) \_\_\_\_\_ is a course or principle of action adopted or proposed by an organization or individual-
- (a) Rule
  - (b) Procedure
  - (c) Policy
  - (d) Strategy
- (76) Which of the following is an impact of Liberalization?
- (a) Divestment
  - (b) Foreign Direct Investment
  - (c) Rapid restructuring and reforming of the PSUs
  - (d) All of the above
- (77) If current Bank Rate is 9% and RBI decreases it by 10 basis points, the New Rate will be-
- (a) 8%
  - (b) 8.10%
  - (c) 9.10%
  - (d) 8.90%
- (78) Which one of the following is funding institute:
- (a) IFCI
  - (b) RBI
  - (c) IRDA
  - (d) SEBI
- (79) \_\_\_\_\_ represents the ratio of liquid Assets of Bank to meet liabilities & deposits:
- (a) SLR
  - (b) CRR
  - (c) Bank rate
  - (d) None of these
- (80) \_\_\_\_\_ is a very wide term that is used in context with financial agreements and contracts.
- (a) Account balance
  - (b) Acceptance
  - (c) Annuity
  - (d) Arbitrage
- (81) Where can the first appeal against SEBI be made?
- (a) High Court
  - (b) Supreme Court
  - (c) Securities Appellate Tribunal
  - (d) RBI
- (82) 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.

- (83) Organisations depend upon which environment for Input:  
(a) Technological Environment  
(b) Social-Economic Environment  
(c) External Environment  
(d) Legal Environment
- (84) Environmental Analysis helps in:  
(a) Providing input for strategic decision making  
(b) Turning threat's to firms advantage  
(c) Anticipate opportunities and to take optimal responses  
(d) All of the above
- (85) The performance of business in the private sector is measured by:  
(a) Profitability  
(b) Customer Satisfaction  
(c) Number of employees  
(d) The salary of BOD
- (86) Who is the present chairman of HDFC bank?  
(a) Deepak S Parekh  
(b) M.K. Sharma  
(c) Sanjiv Singh  
(d) Chandan Kumar Dey
- (87) Which pharmaceutical company has the slogan 'caring for life'?  
(a) Dr. Reddy's  
(b) Lupin Ltd.  
(c) Cipla Ltd.  
(d) Sun Pharmaceutical Industries Ltd.
- (88) Public Policies are always\_\_\_\_\_. Fill in the gap by taking the appropriate expression from the following:  
(a) Goal oriented  
(b) Minutely defined  
(c) Pro-rich  
(d) For the poor
- (89) 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
- (90) Who was the regulatory body for controlling financial affairs in India before SEBI?  
(a) Controller of Capital Issues  
(b) Reserve Bank of India  
(c) Insurance Regulatory and Development Authority of India  
(d) Government of 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

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