

(GCF-1,2,3,4,5+6,19,20,21,22,23, VDCF-1 & 2, VCF-1,2 & 4, SCF-1,2,6,7 & 8, Nov.-20 PD & GD, Foundation Nov.-19 Rep.)
DATE: 28.09.2020 **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) Which of the following statements is false?
- (a) Economic costs include the opportunity costs of the resources owned by the firm.
 - (b) Accounting costs include only explicit costs.
 - (c) Economic profit will always be less than accounting profit if resources owned and used by the firm have any opportunity costs.
 - (d) Accounting profit is equal to total revenue less implicit costs.
- (12) It is assumed in economic theory that
- (a) decision making within the firm is usually undertaken by managers, but never by the owners.
 - (b) the ultimate goal of the firm is to maximise profits, regardless of firm size or type of business organisation.
 - (c) as the firm's size increases, so do its goals.
 - (d) the basic decision making unit of any firm is its owners.
- (13) Which of the following statements is incorrect?
- (a) If marginal revenue exceeds marginal cost the firm should increase output.
 - (b) If marginal cost exceeds marginal revenue the firm should decrease output.
 - (c) Economic profits are maximized when total costs are equal to total revenue.
 - (d) Profits are maximized when marginal revenue equals marginal cost.
- (14) Which one of the following statement is incorrect?
- (a) Perfect competitive firms are price takers and not price makers.
 - (b) Price discrimination is possible in monopoly only.
 - (c) Duopoly may lead to monopoly.
 - (d) Competitive firm always seeks to discriminate prices.
- (15) Which of the following is not an essential condition of pure competition?
- (a) Large number of buyers and sellers
 - (b) Homogeneous product
 - (c) Freedom of entry
 - (d) Absence of transport cost

- (16) Monopolistic competition differs from perfect competition primarily because
- (a) in monopolistic competition, firms can differentiate their products.
 - (b) in perfect competition, firms can differentiate their products.
 - (c) in monopolistic competition, entry into the industry is blocked.
 - (d) in monopolistic competition, there are relatively few barriers to entry.
- (17) Which of the following statements is incorrect?
- (a) Even monopolistic can earn losses.
 - (b) Firms in a perfectly competitive market are price takers.
 - (c) It is always beneficial for a firm in a perfectly competitive market to discriminate prices.
 - (d) Kinked demand curve is related to an oligopolistic market.

Answer the following Questions: (Q. 18 to 21)

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

- (18) Find TVC of 5th Unit.
- (a) 110
 - (b) 150
 - (c) 120
 - (d) 80
- (19) Find MC of 5th Unit:
- (a) 10
 - (b) 20
 - (c) 30
 - (d) 40
- (20) Find AVC of 3rd Unit:
- (a) 18
 - (b) 20
 - (c) 54
 - (d) 36
- (21) Find TC of 2nd Unit:
- (a) 60
 - (b) 76
 - (c) 36
 - (d) 18
- (22) Which of the following is an example of a normative statement?
- (a) A higher price for a goods causes people to want to buy less of that good.
 - (b) A lower price for a goods causes people to want to buy more of that good.
 - (c) To make the good available to more people, a lower price should be set.
 - (d) If you consume this good, you will be better off.

- (23) Which one of the following statements involves a value judgment?
- (a) The supply of coffee is likely to be inelastic in the short run.
 - (b) Economies of scale can lead to lower prices.
 - (c) Inferior goods have a negative income elasticity of demand.
 - (d) The government was wrong to introduce university tuition fees.
- (24) _____ and _____ do not directly affect the demand curve.
- (a) the price of related goods, consumer incomes
 - (b) consumer incomes, tastes
 - (c) the costs of production, bank opening hours
 - (d) the price of related goods, preferences
- (25) 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.
- (26) 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
- (27) 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
- (28) Which is true statement?
- (a) Decreasing returns to scale and diminishing returns to production are two ways of stating the same thing.
 - (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
- (29) 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.

- (30) 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.
- (31) 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
- (32) 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
- (33) 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.
- (34) If demand is _____ then price cuts will _____ spending.
- (a) Perfectly inelastic, increase
 - (b) Elastic, increase
 - (c) Elastic, decrease
 - (d) None of the above
- (35) Utility is not measured by:
- (a) Wealth
 - (b) Price
 - (c) Satisfaction
 - (d) Both (a) and (b)
- (36) 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
- (37) Which of the following is a objective of entrepreneur.
- (a) Economic objective
 - (b) Social objective
 - (c) National objective
 - (d) All of the above

- (38) What is not production in economics:
(a) Addition of Utility
(b) Creation of Utility
(c) Creation of matter
(d) None of the above
- (39) 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
- (40) Firms are assumed to _____ costs and to _____ profits.
(a) Incur, desire
(b) Pay, make
(c) Charge, earn
(d) Minimize, maximize
- (41) Economics is -
(a) a perfect science
(b) not a perfect science
(c) not a science at all
(d) none of the above
- (42) Economic laws are-
(a) Rigid and absolute
(b) Subject to specified assumptions
(c) Mandatory
(d) Strictly enforced by Government
- (43) 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
- (44) Period in which supply cannot be increased is called
(a) Market Period
(b) Short Run
(c) Long Run
(d) None of these
- (45) 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 $MP > AP$

- (46) 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.
- (47) The difference between positive and normative Economics is:
- (a) Positive Economics explains the performance of the economy while normative Economics finds 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.
- (48) Which of the following is not within the scope of Business Economics?
- (a) Capital Budgeting
 - (b) Risk Analysis
 - (c) Business Cycles
 - (d) Accounting Standards
- (49) 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
- (50) 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 51-52.

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.

- (51) 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

(52) 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

(53) 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

(54) 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

(55) 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

(56) 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

(57) 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) $MR = AR \times [e/e - 1]$

(58) 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

- (59) 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.
- (60) 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.
- (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) External factors in a Business Environment, include-
- (a) Opportunities
 - (b) Threats
 - (c) Both (a) and (b)
 - (d) None of 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) _____Environment is beyond the control of the business.
- (a) Internal
 - (b) External
 - (c) Micro
 - (d) Macro
- (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) 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
- (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) _____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)
- (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 Industrial Finance Corporation of India(IFCI) was established in which year?
- (a) 1945
 - (b) 1946
 - (c) 1947
 - (d) 1948
- (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) By what name are the Education and Stationary products by ITC known in India?
- (a) Camel
 - (b) Apsara
 - (c) Natraj
 - (d) Classmate
- (94) Simplification of trade restrictions related to import is an example of:
- (a) Globalization
 - (b) Privatization
 - (c) Disinvestment
 - (d) Aggregation
- (95) 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%
- (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

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