

(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: 29.09.2020 MAXIMUM MARKS: 100 TIMING: 2 Hours

ECONOMICS AND COMMERCIAL KNOWLEDGE**All Questions is compulsory.**

- (1) 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 more than accounting profit if resources owned and used by the firm have any opportunity costs.
 - (d) Accounting profit is equal to total revenue less explicit costs.
- (2) Which of the following statements is correct?
 - (a) If marginal revenue exceeds marginal cost the firm should decrease output.
 - (b) If marginal cost exceeds marginal revenue the firm should increase output.
 - (c) Economic profits are maximized when total costs are equal to total revenue.
 - (d) Profits are maximized when marginal revenue equals marginal cost.
- (3) Which one of the following statement is incorrect?
 - (a) Perfect competitive firms are price makers and not price takers.
 - (b) Price discrimination is possible in monopoly only.
 - (c) Duopoly may lead to monopoly.
 - (d) Competitive firm never seeks to discriminate prices.
- (4) Which of the following is not an essential condition of perfect competition?
 - (a) Large number of buyers and sellers
 - (b) Homogeneous product
 - (c) No control over price
 - (d) Elastic demand
- (5) Monopolistic competition differs from perfect competition primarily because
 - (a) in monopolistic competition, firms have selling cost
 - (b) in perfect competition, firms can not differentiate their products.
 - (c) in monopolistic competition, entry into the industry is blocked.
 - (d) both (a) & (b)
- (6) 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 monopoly market to discriminate prices.
 - (d) 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) 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
- (12) Which cost increases continuously with the increase in production?
(a) Average cost
(b) Marginal cost
(c) Fixed cost
(d) Variable cost
- (13) 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
- (14) 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

- (15) 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
- (16) 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
- (17) 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
- (18) The monopolist can fix any price for his product, but cannot determine _____ of his product
- (a) Revenue
 - (b) Cost
 - (c) Supply
 - (d) Demand
- (19) 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
- (20) Dumping is related to which market:
- (a) Perfect Competition
 - (b) Monopolistic Competition
 - (c) Monopoly
 - (d) None of the above
- (21) Exploitation and inequality are maximum under:
- (a) Socialism
 - (b) Capitalism
 - (c) Mixed economy
 - (d) None of the above
- (22) Economic indicators in demand forecasting is called:
- (a) Trend Projection Method
 - (b) Barometric method
 - (c) Least Square method
 - (d) Gauge method

- (23) The price line or budget line of a consumer is
- (a) Parallel to x-axis
 - (b) Parallel to y-axis
 - (c) Straight line joining the two axis
 - (d) None of the above.
- (24) _____ depicts complete picture of consumer's tastes and preferences
- (a) Budget line
 - (b) Average cost curve
 - (c) Indifference map
 - (d) Marginal revenue curve

- (25) You are given the following data:

Table 1	
Output	Total Costs
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.
- (26) The following table exhibits:
- | Number of Workers | Output |
|-------------------|--------|
| 0 | 0 |
| 1 | 23 |
| 2 | 40 |
| 3 | 50 |
- (a) increasing marginal product of labour.
 - (b) diminishing marginal product of labour.
 - (c) increasing returns to scale.
 - (d) diminishing returns to scale.
- (27) With a view to increase his production Hari Haran a manufacturer of shoes, increases all the factors of production in his unit by 100%. But at the end of year the finds that instead of an increase of 100%, his production has increased by only 80%. Which law of returns to scale is operating in this case_____
- (a) Increasing returns to scale
 - (b) Decreasing returns to scale
 - (c) Constant returns to scale
 - (d) None of the above
- (28) Linear Homogeneous Production function is based on_____
- (a) Increasing Returns to Scale
 - (b) Decreasing Returns to Scale
 - (c) Constant Returns to Scale
 - (d) None.

- (29) Cost in terms of pain, discomforts, disabilities involved in supply of factors of production by their owner are termed as _____
- (a) Real cost
 - (b) Explicit cost
 - (c) Social cost
 - (d) Implicit cost
- (30) "I am making a loss, but with the rent I have to pay, I can't afford to shut down at this point of time." If this entrepreneur is attempting to maximize profits or minimize losses.
- (a) Rational, if the firm is covering its variable cost
 - (b) Rational, if the firm is covering its fixed cost
 - (c) Irrational since plant closing is necessary to eliminate losses
 - (d) Irrational, since fixed costs are eliminated if a firm shut down
- (31) Accounting cost will be _____ economic cost.
- (a) Greater than
 - (b) less than
 - (c) Equal to
 - (d) None of these
- (32) If Average cost of a firm is minimum, then Marginal cost will be _____
- (a) Greater than average cost
 - (b) Equal to average cost
 - (c) Less than average cost
 - (d) None of these
- (33) In the first stage of law of variable proportions, total product increases at the:
- (a) Decreasing rate
 - (b) Increasing rate
 - (c) Constant rate
 - (d) Both A and B.
- (34) In the long run any firm will eventually leave the industry if:
- (a) Price does not at least cover average total cost.
 - (b) Price does not equal marginal cost.
 - (c) Economies of scale are being reaped.
 - (d) Price is greater than long run average cost.
- (35) If price is forced to stay below equilibrium price:
- (a) Excess supply exists.
 - (b) Excess demand exists
 - (c) Either (a) or (b)
 - (d) Neither (a) nor (b)
- (36) The firm in a perfectly competitive market is a price taker. This designation as a price taker is based on the assumption that
- (a) the firm has some, but not complete, control over its product price.
 - (b) there are so many buyers and sellers in the market that any individual firm cannot affect the market.
 - (c) each firm produces a homogeneous product.
 - (d) there is easy entry into or exit from the market place.

- (37) The condition for pure competition is
- (a) large number of buyer and seller, free entry and exist
 - (b) homogenous product
 - (c) both (a) and (b)
 - (d) large number of buyer and seller, homogenous product, perfect knowledge about the product
- (38) When the products are sold through a centralized body, oligopoly is known as
- (a) organized oligopoly
 - (b) partial oligopoly
 - (c) competitive oligopoly
 - (d) syndicated oligopoly
- (39) Excess capacity is not found under ————.
- (a) Monopoly
 - (b) Monopolistic competition
 - (c) Perfect competition.
 - (d) Oligopoly.
- (40) Which of the following is correct?
- (a) If marginal revenue is positive and falling, total revenue will rise at a decreasing rate.
 - (b) Total revenue is equal to price times the quantity sold.
 - (c) Under perfect competition, total revenue is equal to marginal revenue times the quantity sold.
 - (d) All of the above.
- (41) The upper portion of the kinked demand curve is relatively -
- (a) More inelastic
 - (b) More elastic
 - (c) Less elastic
 - (d) Inelastic
- (42) The trough of a business cycle occurs when _____ hits its lowest point.
- (a) Inflation in the economy
 - (b) The money supply
 - (c) Aggregate economic activity
 - (d) The unemployment rate
- (43) A leading indicator is
- (a) a variable that tends to move along with the level of economic activity
 - (b) a variable that tends to move in advance of aggregate economic activity
 - (c) a variable that tends to move consequent on the level of aggregate economic activity
 - (d) None of the above
- (44) A decrease in government spending would cause
- (a) the aggregate demand curve to shift to the right.
 - (b) the aggregate demand curve to shift to the left.
 - (c) a movement down and to the right along the aggregate demand curve.
 - (d) a movement up and to the left along the aggregate demand curve.

- (45) Peaks and troughs of the business cycle are known collectively as
- (a) Volatility.
 - (b) Turning points.
 - (c) Equilibrium points.
 - (d) Real business cycle events.
- (46) 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
- (47) Which of the following is not a characteristic of business cycles
- (a) Business cycles have serious consequences on the well being of the society.
 - (b) Business cycles occur periodically, although they do not exhibit the same regularity.
 - (c) Business cycles have uniform characteristics and causes.
 - (d) Business cycles are contagious and unpredictable.
- (48) Economic recession shares all of these characteristics except.
- (a) Fall in the levels of investment, employment
 - (b) Incomes of wage and interest earners gradually decline resulting in decreased demand for goods and services
 - (c) Investor confidence is adversely affected and new investments may not be forthcoming
 - (d) Increase in the price of inputs due to increased demand for inputs
- (49) The different phases of a business cycle
- (a) Do not have the same length and severity
 - (b) expansion phase always last more than ten years
 - (c) last many years and are difficult to get over in short periods
 - (d) None of the above
- (50) 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.
- (51) The economist who gave cobb - douglas production function was an_____:
- (a) Japanese
 - (b) German
 - (c) British
 - (d) American

- (52) In which type of Oligopoly, the price leadership exists –
(a) Full Oligopoly
(b) Partial Oligopoly
(c) Syndicated Oligopoly
(d) Organised Oligopoly
- (53) 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
- (54) 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
- (55) 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
- (56) When TR is maximum :
(a) The AR is zero
(b) The MR is zero
(c) Both MR and AR is zero
(d) When $MR = AR$
- (57) 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
- (58) Till 19th century, economics was known as :
(a) Micro Economy
(b) World Economy
(c) Scarcity Economy
(d) Political Economy
- (59) Sir Robert Giffen was a_____economist :
(a) Scottish
(b) Chinese
(c) Japanese
(d) American

- (60) Increasing returns imply:
- (a) Constant average cost
 - (b) Diminishing cost per unit of output
 - (c) Optimum use of capital and labour
 - (d) None of the above
- (61) 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
- (62) 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
- (63) 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
- (64) In India, Foreign Investments is prohibited in:
- (a) Chit Funds
 - (b) Real Estate
 - (c) Cigar manufacturing
 - (d) All of the above
- (65) 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)
- (66) 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

- (67) Which pharmaceutical company has the slogan 'caring for life'?
- (a) Dr. Reddy's
 - (b) Lupin Ltd.
 - (c) Cipla Ltd.
 - (d) Sun Pharmaceutical Industries Ltd.
- (68) 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
- (69) 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
- (70) 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
- (71) 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
- (72) 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
- (73) Under the income tax Act, A HUF cannot earn income from:
- (a) House property
 - (b) Salary
 - (c) Profits
 - (d) Other Sources
- (74) _____ 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

- (75) 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
- (76) Which of the following does not characterize the Business Environment?
- (a) Methods of production
 - (b) Complexity
 - (c) Uncertainty
 - (d) Relativity
- (77) 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
- (78) 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
- (79) 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
- (80) The immediate environment with which the firm operates is called-
- (a) Micro Environment
 - (b) Macro Environment
 - (c) External Environment
 - (d) Peripheral Environment
- (81) A stock that provides a constant dividends and stable earnings even in the periods of economic downturn is _____.
- (a) Defensive Stock
 - (b) Cash budget
 - (c) Income stock
 - (d) Listed stock
- (82) 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

- (83) 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
- (84) What is consolidation?
- (a) It is an expense that is supposed to affect the loss in value of a fixed asset.
 - (b) Combination of two or more entities that occurs when the entities transfer all their net assets to new entity created for that purpose.
 - (c) Potential liability arising from a past transaction or a subsequent event.
 - (d) Costs that can be attributed clearly to the activity you are considering.
- (85) _____ is the process of estimating future demand by anticipating what buyers are likely to do under a given set of marketing conditions:
- (a) Cross marketing
 - (b) Forecasting
 - (c) Market development
 - (d) Internal marketing
- (86) Trends relate to:
- (a) Happening of events in External Environment
 - (b) Grouping of similar or related events
 - (c) Demands made by Interested group
 - (d) All of the above
- (87) _____ 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
- (88) In FMCG "C" means :
- (a) Capital
 - (b) Cheap
 - (c) Consumer
 - (d) Company
- (89) PESTLE is to describe _____ environment :
- (a) Micro
 - (b) Macro
 - (c) Real
 - (d) Physical
- (90) 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

- (91) The Environment offers :
(a) Opportunities, incentives and rewards
(b) Constraints, threats and restrictions
(c) Both (a) and (b)
(d) Neither (a) nor (b)
- (92) FDI Limit in Insurance Sector is –
(a) 39%
(b) 49%
(c) 29%
(d) 59%
- (93) OCBs means:
(a) Overseas Corporate Bodies
(b) Ordnance Commission Bilateral secretariat
(c) Oversees Civic Boards
(d) Oversees Commercial Bilateral Treaties
- (94) FEMA replaced FERA as legislation in :
(a) 1991
(b) 1992
(c) 1999
(d) 2006
- (95) When was SEBI established?
(a) 1988
(b) 1990
(c) 1986
(d) 1989
- (96) Law making body at the Central Level in India:
(a) Vidhan Sabha
(b) Lok Sabha
(c) Vidhan Parishad
(d) All the above
- (97) The Lower House in State Legislature:
(a) Rajya Sabha
(b) Vidhan Sabha
(c) Lok Sabha
(d) Vidhan Parishad
- (98) To charge a regular portion of an expenditure over a fixed period of time.
(a) Amortize
(b) Appreciation
(c) Arbitrage
(d) Offer

- (99) The simultaneous purchase and sale of two identical commodities or instruments is called:
- (a) Amortize
 - (b) Appreciation
 - (c) Arbitrage
 - (d) Offer
- (100) Bear is a situation in which _____
- (a) stock-market players are pessimists
 - (b) they expects share prices or any other type of investment to fall
 - (c) prices are going to go lower and majority of dealers will sell as quickly as possible for fear of holding shares which diminish in value
 - (d) All the Above

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