

(ALL CA FOUNDATION BATCHES)**DATE: 06.01.2021****MAXIMUM MARKS: 100****TIMING: 2 Hours****ECONOMICS AND COMMERCIAL KNOWLEDGE****All Questions is compulsory.**

1. Ans. a
 Explanation:
 Because in case of perfect substitute goods, MRS_{xy} is constant.
2. Ans. a
 Explanation:
 Indifference curves slope downward left to right because MRS_{xy} always decreases.
3. Ans. b
4. Ans. c
 Explanation:
 Production function refers to the physical relationship between input & output.
5. Ans. a
 Explanation:
 MC Curve intersects AC curve at its minimum point. This point is known as "Optimum point of production".
6. Ans. a
 Explanation:
 The cost incurred for the welfare of society, is known as social cost.
7. Ans. d
 Explanation:
 When AC is minimum, then MC is equal to AC, which is known as "Optimum point of production".
8. Ans. a
 Explanation:
 Opportunity cost is concerned with the cost of foregone opportunity.
9. Ans. c
10. Ans. c
11. Ans. b
 Explanation:
 Since, in perfectly inelastic demand, there is no change in quantity demanded ($e=0$). Hence availability of substitutes does not affect the quantity demanded because with any change in price, quantity demanded does not change.
12. Ans. c
 Explanation:
 Since percentage change in output is less than percentage change in input.

13. Ans. a
14. Ans. b
15. Ans. d
16. Ans. d
17. Ans. a
Explanation:
Since labour doesn't have previous accumulated capital hence he has weak bargaining power.
18. Ans. d
Explanation:
Since the economist who gave cobb - douglas production function was an American.
19. Ans. a
Explanation:
Since TFC is there even if the firm's output is zero.
20. Ans. a
Explanation:
Since the shape of TFC is horizontal.
21. Ans. b
Explanation: $AVC = TVC / Q$
 $TVC = TC - TFC$
 $TC = 400$
 $TFC = 200$
Hence $TVC = 200$, $AVC = 200/10 = 20$
22. Ans. d
Explanation:
Under Monopolistic Competition Market, there are so many varieties of product available for the consumer, because there is existence of product differentiation.
23. Ans. b
Explanation:
Under Partial Oligopoly, the industry is dominated by one large firm, which is considered or looked upon as a leader of the group. The dominating firm will be the price leader.
24. Ans. c
Explanation:
Rising portion of Marginal Cost curve is known as supply curve because marginal cost increases with the increment in level of output.
25. Ans. b
26. Ans. d
Explanation:

As per law of DMU, MU diminishes with increased consumption and gradually can become zero or negative

27. Ans. a

28. Ans. a

29. Ans. d

30. Ans. c

31. Ans. c

32. Ans. b

33. Ans. d

34. Ans. a

35. Ans. c

36. Ans. d

37. Ans. c

38. Ans. b

39. Ans. d

Explanation:

Because average of total production can never be zero or negative.

40. Ans. b

Explanation:

It represents II stage. Because in stage II there is optimum utilisation of fixed factors.

41. Ans. a

42. Ans. a

43. Ans. d

44. Ans. b

45. Ans. a

46. Ans. a

47. Ans. b

48. Ans. d

49. Ans. a
 Explanation:
 In labour surplus economy labour will be available in abundance.
50. Ans. b
 Explanation:
 The term company demand denotes the demand for the products of a particular company.
51. Ans. c
 Explanation:
 These two commodities were termed as giffen goods by Sir Robert Giffen. This is an exception of law of demand
52. Ans. a
 Explanation:
 Because the goods are totally unrelated hence there is no relation between these goods hence the cross elasticity would be zero.
53. Ans. b
54. Ans. d
55. Ans. b
56. Ans. a
 Explanation:
 Contraction in supply means "Decrease in quantity supplied is due to decrease in price of goods concerned."
57. Ans. b
 Explanation:
 Utility hypothesis forms the basis for the theory of consumer's behaviour, because utility of good determines that a consumer will purchase the good or not.
58. Ans. c
 Explanation:
 Because this is known as MRS_{xy} . Marginal rate of good X for good Y always diminishes.
59. Ans. b
60. Ans. a
61. Ans. c
62. Ans. a
63. Ans. a
64. Ans. b

- 65. Ans. a
- 66. Ans. c
- 67. Ans. d
- 68. Ans. c
- 69. Ans. d
- 70. Ans. b
- 71. Ans. a
- 72. Ans. a
- 73. Ans. c
- 74. Ans. d
- 75. Ans. a
- 76. Ans. a
- 77. Ans. b
- 78. Ans. a
- 79. Ans. c
- 80. Ans. b
- 81. Ans. b
- 82. Ans. c
- 83. Ans. b
- 84. Ans. b
- 85. Ans. a
- 86. Ans. d
- 87. Ans. c
- 88. Ans. c
- 89. Ans. d
- 90. Ans. a
- 91. Ans. b

92. Ans. c
93. Ans. b
94. Ans. c
95. Ans. d
96. Ans. b
97. Ans. d
98. Ans. d
99. Ans. c
100. Ans. c

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