

**ECONOMICS AND COMMERCIAL KNOWLEDGE**

**All Questions is compulsory.**

- (1) Ans. b  
Explanation:  
Scarcity in Economics is an relative concept.
- (2) Ans. b  
Explanation:  
Decision making is 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.
- (3) Ans. c  
Explanation:  
Business Economics has a Pragmatic Approach which means it is not Abstract.
- (4) Ans. c  
Explanation:  
The emphasis of Business Economics is More Normative than Positive theory.
- (5) Ans. d  
Explanation:  
Micro Economics deals with Consumer Behaviour.
- (6) Ans. b  
Explanation:  
Continuous Consumption is an assumption of Law of Diminishing Marginal Utility.
- (7) Ans. a  
Explanation:  
Consumer is in equilibrium when  $\text{Marginal Utility} = \text{Price}$ .
- (8) Ans. a  
Explanation:  
Consumer Surplus is the area that Below the Demand curve and above the price.
- (9) Ans. b  
Explanation:  
A Point below the Price Line represents Under-spending by the Consumer.
- (10) Ans. d  
Explanation:  
Only one commodity is considered for the purposes of analysis is not an assumption in consumer equilibrium analysis under Indifference Curve Approach

- (11) Ans. d  
Explanation:  
Accounting profit = Total Revenue – Accounting Cost
- (12) Ans. b  
Explanation:  
It is assumed in economic theory that the ultimate goal of the firm is to maximise profits, regardless of firm size or type of business organisation.
- (13) Ans. c  
Explanation:  
Economic profit = Total Revenue – Economic Cost or Total Revenue > Economic Cost
- (14) Ans. d  
Explanation:  
Competitive firm never seeks to discriminate prices.
- (15) Ans. d  
Explanation:  
Absence of transport cost is not an essential condition of pure competition.
- (16) Ans. a  
Explanation:  
Monopolistic competition differs from perfect competition primarily because in monopolistic competition, firms can differentiate their products.
- (17) Ans. c  
Explanation:  
Price discrimination is feature of monopoly.
- (18) Ans. a  
Explanation:  

$$TC - TFC = TVC$$

$$150 - 40 = 110$$
- (19) Ans. c  
Explanation:  

$$MC = \frac{DTC}{DQ} = \frac{30}{1} = 30$$
- (20) Ans. a  
Explanation:  

$$AVC = \frac{TVC}{Q} = \frac{54}{3} = 18$$
- (21) Ans. b  
Explanation:  

$$TFC + TVC = TC$$

$$40 + 36 = 76$$

- (22) Ans. c  
Explanation:  
Normative Statement always say about what should be and what should be not.
- (23) Ans. d  
Explanation:  
Value judgement always involves what is right and what is wrong.
- (24) Ans. c  
Explanation:  
The costs of production and bank opening hours do not directly affect the demand curve.
- (25) Ans. c  
Explanation:  
Because in case of two perfect substitutes indifference curve are downwards slopping straight line.
- (26) Ans. a  
Explanation:  
When supply of a commodity increases due to increase in price then called expansion of supply.
- (27) Ans. b  
Explanation:  
Because reduction in tax is a economies of scale.
- (28) Ans. d  
Explanation:  
All the above statements are false.
- (29) Ans. b  
Explanation:  
Opportunity cost is that which we forgo, or give up, when we make a choice or a decision.
- (30) Ans. c  
Explanation:  
The opportunity cost of a student is what the student could have earned in the best job available by not studying.
- (31) Ans. b
- (32) Ans. b
- (33) Ans. d  
Explanation:  
In the first stage of law of variable proportions, total product increases at the Decreasing rate Increasing rate.
- (34) Ans. a  
Explanation:  
In the long run any firm will eventually leave the industry if Price does not at least cover average total cost.

- (35) Ans. b  
Explanation:  
If price is forced to stay below equilibrium price then Excess demand exists.
- (36) Ans. b  
Explanation:  
In perfect competition there are so many buyers and sellers in the market that any individual firm cannot affect the market..
- (37) Ans. c  
Explanation:  
Pure competition have only three features. They are large number of buyer and seller, free entry and exist homogenous product
- (38) Ans. d  
Explanation:  
In syndicated oligopoly the products are sold through a centralized body.
- (39) Ans. c  
Explanation:  
Excess capacity is not found under perfect competition.
- (40) Ans. d  
Explanation:  
All of these statements are correct.
- (41) Ans. b  
Explanation:  
The upper portion of the kinked demand curve is relatively More elastic.
- (42) Ans. c  
Explanation:  
The trough of a business cycle occurs when Aggregate economic activity hits its lowest point.
- (43) Ans. b  
Explanation:  
A leading indicator is a variable that tends to move in advance of aggregate economic activity.
- (44) Ans. b  
Explanation:  
A decrease in government spending would cause the aggregate demand curve to shift to the left.
- (45) Ans. b  
Explanation:  
Peaks and troughs of the business cycle are Turning points.
- (46) Ans. c  
Explanation:  
The most probable outcome of an increase in the money supply is interest rates to fall, investment spending to rise, and aggregate demand to rise.

- (47) Ans. c  
Explanation:  
Business cycles have uniform characteristics and causes is not a characteristic of business cycles.
- (48) Ans. d  
Explanation:  
Increase in the price of inputs due to increased demand for inputs.
- (49) Ans. a  
Explanation:  
The different phases of a business cycle do not have the same length and severity.
- (50) 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.
- (51) Ans. d  
Explanation:  
Since the economist who gave cobb - douglas production function was an American.
- (52) 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.
- (53) Ans. a
- (54) Ans. a  
Explanation:  
Under P.C. in long run a firm earns normal profit.
- (55) Ans. a  
Explanation:  
Region above prevailing price has  $E>I$   
Region below prevailing price has  $E<I$   
Which creates a kink at prevailing price.
- (56) Ans. b  
Explanation:  
Since TR is maximum at  $MR=0$
- (57) Ans. a  
Explanation:  
Since excess supply reduces equilibrium price.
- (58) Ans. d

- (59) Ans. a  
Explanation:  
Since Sir Robert Giffen was Scottish.
- (60) Ans. b  
Explanation:  
Increasing returns imply Diminishing cost per unit of output.
- (61) Ans. a  
Explanation:  
Transfer of Interest exists in Business.
- (62) Ans. b  
Explanation:  
Earning livelihood is the psychological motive of employment.
- (63) Ans. c
- (64) Ans. c  
Explanation:  
Personal interest in business is more in Sole Proprietorship.
- (65) Ans. a  
Explanation:  
Non-corporate Entity includes Sole Proprietorship, HUF and Partnership
- (66) Ans. b  
Explanation:  
Three successive generations of an Undivided Family are known as HUF.
- (67) Ans. c  
Explanation:  
Carrying forward of transaction form one settlement period to the next without effecting delivery or payment is called Badla.
- (68) Ans. b
- (69) Ans. b  
Explanation:  
A free allotment of shares made in proportion to existing shares out of accumulated reserves is called Bonus.
- (70) Ans. c
- (71) Ans. a  
Explanation:  
A financial expression of the value of that product is called Price.
- (72) Ans. a  
Explanation:  
A signed instrument of acknowledgment that indicates the approval is called Acceptance.

- (73) Ans. b  
Explanation: The price sensitivity of the market is an important factor of market.
- (74) Ans. c  
Explanation:  
Business and technology are interrelated and Interdependent.
- (75) Ans. d  
Explanation:  
Wipro Ltd. come under IT-Software.
- (76) Ans. a  
Explanation:  
My customer First is the vision of SBI.
- (77) Ans. c  
Explanation:  
Biometric Aadhar card is considered as a public policy.
- (78) Ans. b  
Explanation:  
Decisions on annual financial spending, Taxes and Duties and Military spending are considered in Budget.
- (79) Ans. c  
Explanation:  
In Securities Appellate Tribunal first appeal against SEBI be made.
- (80) Ans. a  
Explanation:  
Bid is the opposite of Ask/offer.
- (81) Ans. a  
Explanation:  
A stock that provides a constant dividends and stable earnings even in the periods of economic downturn is called defensive stock.
- (82) Ans. c
- (83) Ans. b
- (84) Ans. b
- (85) Ans. b
- (86) Ans. b
- (87) Ans. c
- (88) Ans. c  
Explanation:  
Since FMCG means "Fast moving consumer goods".

- (89) Ans. b
- (90) Ans. b
- (91) Ans. c  
Explanation:  
The Environment offers Opportunities, incentives and rewards and Constraints, threats and restrictions.
- (92) Ans. b
- (93) Ans. a  
Explanation:  
OCBs means Overseas Corporate Bodies.
- (94) Ans. c  
Explanation:  
FEMA replaced FERA as legislation in 1999.
- (95) Ans. a  
Explanation:  
SEBI was constituted in 1988.
- (96) Ans. b  
Explanation:  
Law making body at the Central Level in India is Lok Sabha.
- (97) Ans. b  
Explanation:  
The Lower House in State Legislature Vidhan Sabha.
- (98) Ans. a  
Explanation:  
To charge a regular portion of an expenditure over a fixed period of time is Amortize.
- (99) Ans. c  
Explanation:  
The simultaneous purchase and sale of two identical commodities or instruments is called Arbitrage
- (100) Ans. d  
Explanation:  
All of the above is condition of Bear.

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