

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

1. In the case of two perfect substitutes, the indifference curve will be
 - (a) Straight line
 - (b) L-shaped
 - (c) U-shaped
 - (d) C-shaped
2. Which is not the property of Indifference curve analysis?
 - (a) Indifference curves slope downward to the left
 - (b) Indifference curves are always convex to the origin
 - (c) Indifference curves can never intersect each other
 - (d) A higher indifference curve represents a higher level satisfaction than the lower indifference curve
3. Increasing returns shows ?
 - (a) Fixed Average Cost
 - (b) Decreasing Marginal Cost
 - (c) Increasing Marginal Cost
 - (d) Increasing Average Cost
4. 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
5. Which curve does intersect AC curve at its minimum point-
 - (a) MC Curve
 - (b) AFC Curve
 - (c) AVC Curve
 - (d) None of above
6. When the government construct 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
7. The optimum level of production for a firm is, where –
 - (a) MC is minimum
 - (b) AVC is minimum
 - (c) AFC is minimum
 - (d) AC is minimum

8. 'X' is working in Birla Cement for Rs. 20,000, he is proposed to work in Shree Cement for Rs. 50,000 if he accepts the proposal then opportunity cost is –
- (a) Rs. 20,000
 - (b) Rs. 50,000
 - (c) Rs. 30,000
 - (d) No opportunity Cost
9. Diminishing marginal return imply:
- (a) decreasing average variable costs
 - (b) decreasing marginal costs
 - (c) increasing marginal costs
 - (d) decreasing average fixed costs
10. _____ is an implicit cost of production.
- (a) Wages of the labour
 - (b) Charges for electricity
 - (c) Interest on self owned money capital
 - (d) Payment for raw material
11. 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
12. In electricity generation plants, when the plant grows too large, risks of plant failure with regard to output increase disproportionately. This is talking about which concept of returns to scale?
- (a) Constant returns to scale
 - (b) Increasing returns to scale
 - (c) Decreasing returns to scale
 - (d) Balanced returns to scale

Read the following paragraph and answer questions 13-16.

Nicole owns a small pottery factory. She can make 1,000 pieces of pottery per year and sell them for Rs. 100 each. It cost Nicole Rs. 20,000 for the raw materials to produce the 1,000 pieces of pottery. She has invested Rs 1,00,000 in her factory and equipment : Rs. 50,000 from her savings and Rs 50,000 borrowed at 10 percent. (Assume that she could have loaned her money out at 10 per cent, too.) Nicole can work at a competing pottery factory for Rs. 40,000 per year.

13. The accounting cost at Nicole's pottery factory is:
- (a) Rs. 25,000
 - (b) Rs. 50,000
 - (c) Rs. 80,000
 - (d) Rs. 75,000
14. The economic cost at Nicole's factory is:
- (a) Rs. 75,000
 - (b) Rs. 70,000
 - (c) Rs. 80,000
 - (d) Rs. 30,000

15. The accounting profit at Nicole's pottery factory is:
(a) Rs. 30,000
(b) Rs. 50,000
(c) Rs. 80,000
(d) Rs. 75,000
16. The economic profit at Nicole's factory is:
(a) Rs. 75,000
(b) Rs. 35,000
(c) Rs. 80,000
(d) Rs. 30,000
17. The bargaining power of labour is generally ____:
(a) Weak
(b) Strong
(c) Constant
(d) Can't say
18. The economist who gave Cobb - Douglas production function was an ____ :
(a) Japanese
(b) German
(c) British
(d) American
19. If a firm's output is zero, then
(a) AFC will be positive
(b) TFC will be zero
(c) Both of (a) and (b)
(d) None of (a) and (b)
20. Which curve is never U-shaped?
(a) TFC curve
(b) AVC curve
(c) AC curve
(d) MC curve
21. 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
22. Under which market, there are many varieties of product for the consumers –
(a) Perfect Competition
(b) Monopoly
(c) Duopoly
(d) Monopolistic Competition

23. In which type of Oligopoly, the price leadership exists –
(a) Full Oligopoly
(b) Partial Oligopoly
(c) Syndicated Oligopoly
(d) Organised Oligopoly
24. Under Perfect Competition Market, the supply curve is –
(a) Average cost curve
(b) Average Variable Cost curve
(c) Marginal Cost curve
(d) Average Revenue curve
25. Other Name of LAC curve is :
(a) Profit Curve
(b) Planning Curve
(c) Demand Curve
(d) Indifference Curve
26. Marginal Utility –
(a) Will always be positive
(b) Will always be negative
(c) Can be positive or negative but not zero
(d) Can be positive or negative or zero
27. 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
28. Under Perfect Competition, the Firms Demand Curve is-
(a) Horizontal Line, parallel to X Axis
(b) Vertical Line, parallel to Y Axis
(c) Negatively Sloped
(d) Kinked
29. 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
30. Which of these does not apply to Oligopoly?
(a) A Few Sellers
(b) Inter-Dependence between Sellers
(c) Only one Buyer
(d) Group Behaviour between Sellers

31. Cardinal Utility Approach is also known as-
- (a) Indifference Curve Analysis
 - (b) Hick and Allen Approach
 - (c) Marginal utility analysis
 - (d) All of the above
32. According to marginal utility analysis, utility can be measured in-
- (a) Ranks
 - (b) Cardinal numbers
 - (c) Nominal Values
 - (d) All of the above
33. Which of the following laws states that the more a consumer consumes a product, the lesser the utility he derives from the additional consumption?
- (a) Law of Equal – Marginal utility
 - (b) Law of ordinal utility
 - (c) Law of cardinal utility
 - (d) Law of diminishing marginal utility
34. Which of the approach helps to explain the law of demand?
- (a) Cardinal Approach
 - (b) Ordinal Approach
 - (c) Both (a) and (b)
 - (d) Neither (a) not (b)
35. The consumer is in equilibrium when marginal utility from a commodity equals-
- (a) Demand for that commodity
 - (b) Supply of that commodity
 - (c) Price of the commodity
 - (d) All of the above
36. Which of the following goods give the maximum amount of consumer surplus?
- (a) Icecream
 - (b) Car
 - (c) Color television
 - (d) Water
37. Demand arises in respect of-
- (a) Socially desirable goods, e.g. food, clothing
 - (b) Harmful goods, e.g. liquor, cigarettes, etc.
 - (c) Both (a) and (b)
 - (d) Neither (a) nor (b)
38. The total area under the demand curve of a product measures-
- (a) Marginal utility
 - (b) Total utility
 - (c) Consumer's Surplus
 - (d) Producers' Surplus
39. Which of the following condition does not apply to average product curve?
- (a) Positive Slope
 - (b) Downward Slope
 - (c) Constant Slope
 - (d) Slope in negative section of the graph

40. In which stage of production a rational producer would like to operate?
- (a) Where MP is maximum
 - (b) Where Both MP & AP decrease but positively
 - (c) Where MP is negative
 - (d) (b) & (c) both
41. An example of 'positive' economic analysis would be :
- (a) an analysis of the relationship between the price of food and the quantity purchased.
 - (b) determining how much income each person should be guaranteed.
 - (c) determining the 'fair' price for food.
 - (d) deciding how to distribute the output of the economy.
42. 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.
43. Consider the following and decide which, if any, economy is without scarcity:
- (a) The pre-independent Indian economy, where most people were farmers.
 - (b) A mythical economy where everybody is a billionaire.
 - (c) Any economy where income is distributed equally among its people.
 - (d) None of the above.
44. Oikonomia means
- (a) industry
 - (b) household
 - (c) services
 - (d) none of these
45. Adam smith published his masterpiece "An Enquiry into the Nature and Causes of Wealth of Nations" in the year
- (a) 1776
 - (b) 1786
 - (c) 1756
 - (d) 1766
46. Which of the following is considered as a disadvantage of allocating resources using the market system?
- (a) Income will tend to be unevenly distributed.
 - (b) People do not get goods of their choice.
 - (c) Men of Initiative and enterprise are not rewarded.
 - (d) Profits will tend to be low.

47. The difference between positive and normative Economics is:
- (a) Positive Economics explains the performance of the economy while normative Economics nds 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. Labour intensive technique would get chosen in a :
- (a) labour surplus economy
 - (b) capital surplus economy
 - (c) developed economy
 - (d) developing economy
50. Demand for cement produced by Birla cement company is known as:
- (a) Industry demand
 - (b) Company demand
 - (c) Giffen Demand
 - (d) Market Demand
51. Sir Robert Giffen was surprised to find out relationship of price with two other goods, which were:
- (a) Bread and Rice
 - (b) Meat and Rice
 - (c) Bread and Meat
 - (d) Cheese and meat
52. If two goods are totally unrelated, then cross elasticity between them is:
- (a) Zero
 - (b) One
 - (c) Infinite
 - (d) None of the above
53. Economics is -
- (a) a perfect science
 - (b) not a perfect science
 - (c) not a science at all
 - (d) none of the above
54. The law of scarcity
- (a) does not apply to rich developed countries
 - (b) applies only to the less developed countries
 - (c) implies that consumers wants will be satisfied in a socialistic system
 - (d) implies that consumers wants will never be completely satisfied

55. Economic laws are-
- (a) Rigid and absolute
 - (b) Subject to specified assumptions
 - (c) Mandatory
 - (d) Strictly enforced by Government
56. Contraction of supply is the result of decrease in the price of the goods concern.
- (a) True
 - (b) False
 - (c) Partly True
 - (d) None
57. Theory of consumer's behaviour is based upon-
- (a) Production hypothesis
 - (b) Utility hypothesis
 - (c) Cost hypothesis
 - (d) Both A and C
58. The slope of an indifference curve (MRS_{XY}) is convex to the origin because:-
- (a) Marginal utility of good X increases
 - (b) Marginal utility of good Y decreases
 - (c) MRS of good X for Y diminishes
 - (d) MRS of good Y for X increases
59. The Marginal Utility Curve is-
- (a) Horizontal to Y axis
 - (b) Demand Curve of that Commodity
 - (c) Vertical to X axis
 - (d) None of the above
60. Marginal Utility of a commodity depends on its quantity and is –
- (a) Inversely proportional to its quantity
 - (b) Not proportional to its quantity
 - (c) Independent of its quantity
 - (d) None of the above
61. State Bank of India was formerly known as:
- (a) Bank of Madras
 - (b) Bank of Calcutta
 - (c) Imperial Bank
 - (d) Indian Bank
62. Jayesh Merchant is the CFO of which company?
- (a) Asian Paints Ltd.
 - (b) Ambuja cements Ltd.
 - (c) Bosch Ltd.
 - (d) Ultratech cement Ltd.
63. Who is the present chairman of Bajaj Auto Ltd.?
- (a) Mr. Rahul Bajaj
 - (b) Mr. Rajiv Bajaj
 - (c) Jamnalal Bajaj
 - (d) Kevin P D'sa

64. Who is the present CEO of Adani Ports and Special Economic Zone Ltd.?
(a) Ravi Bhamidipaty
(b) Karan Gautambhai Adani
(c) Alok kumar agarwal
(d) Farokh Nariman Subedar
65. 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
66. FEMA Replaced FERA as legislation in:
(a) 1991
(b) 1992
(c) 1999
(d) 2006
67. Reforms in Dowry Act and Divorce Act are the examples of:
(a) Economic Reforms
(b) Cultural Reforms
(c) Commercial Reforms
(d) Socio-cultural Reforms
68. Which of the following institutions has been scrapped recently?
(a) Minerals and Metals Regulatory Commission
(b) Coal India Limited
(c) Planning Commission
(d) FIPB
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. The method of FDI other than Automatic route is called :
(a) NRI Route
(b) Government Route
(c) Institutional Route
(d) Priority Route
71. 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

72. When was SEBI constituted?
(a) 1988
(b) 1990
(c) 1986
(d) 1989
73. Who regulates the currency in the country?
(a) SEBI
(b) RBI
(c) Central Bank
(d) Finance Ministry
74. The Industrial Finance Corporation of India(IFCI) was established in which year?
(a) 1945
(b) 1946
(c) 1947
(d) 1948
75. Which of the following, set up in 1990, is the Principal Financial Institution for the Promotion, Financing and Development of the Micro, Small and Medium enterprise sector?
(a) SIDBI
(b) EXIM Bank
(c) NABARD
(d) IFCI
76. Where is the headquarter of NABARD?
(a) Mumbai
(b) Delhi
(c) Gurugram
(d) Benlgaluru
77. What is consolidation?
(a) It is an expense that is supposed to reffect 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.
78. A portion of the after tax profits paid out to the owners of a business as a return on their investment is:
(a) Dividend
(b) Expense
(c) Expenditure
(d) Deferred income
79. 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

80. _____ 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
81. Which of the following is not a part of the economic environment?
- (a) Market and trade cycles
 - (b) Consumer buying patterns
 - (c) Strength of consumer spending
 - (d) Interest and exchange rates
82. The _____ environment refers to the nature and direction of the economy in which a company competes or may compete.
- (a) Socio-cultural
 - (b) Internal
 - (c) Micro
 - (d) Economic
83. In the PESTLE framework for environmental analysis what does the letter E stand for?
- (a) Ecological
 - (b) Economic
 - (c) Ethical
 - (d) Educational
84. When was Reliance Industries Ltd. incorporated?
- (a) 1965
 - (b) 1966
 - (c) 1978
 - (d) 1959
85. Which gas company owns India's largest pipeline network?
- (a) Gail (India) Ltd.
 - (b) Bharat Petroleum Corporation Ltd.
 - (c) Reliance Industries Ltd.
 - (d) ONGC
86. Which industrial category does Wipro Ltd. come under?
- (a) Pharmaceuticals & Drugs
 - (b) Diversified
 - (c) Media
 - (d) IT- Software
87. Which of the following is not a product of Bajaj Auto Limited?
- (a) Avenger
 - (b) Discover
 - (c) Splendor
 - (d) CT 100

88. The mission of which transnational company is 'Good Food, Good Life'?
- (a) Tata Group
 - (b) Reliance fresh
 - (c) Nestle
 - (d) Starbucks
89. By what name are the Education and Stationary products by ITC known in India?
- (a) Camel
 - (b) Apsara
 - (c) Natraj
 - (d) Classmate
90. 'My customer First' is the Vision of which Bank?
- (a) SBI
 - (b) Axis Bank
 - (c) HDFC Bank
 - (d) Bank of Baroda
91. What is the Global Banking platform by Edge Verve Systems(Infosys) called?
- (a) Mana
 - (b) Finacle
 - (c) Skava
 - (d) Panaya Cloud Suite
92. 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
93. 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
94. The form of privatization, where government keeps hold of responsibility and private enterprise handles the management of it fully or partly is known as:
- (a) Disinvestment
 - (b) Deregulation
 - (c) Delegation
 - (d) Decentralization
95. In case of Maruti–Suzuki, the Union Government surrendered partial ownership and sold the majority stake to Suzuki of Japan in course of time. This is a case of:
- (a) Partial Disinvestment
 - (b) Displacement
 - (c) Delegation
 - (d) Divestment

96. Blackrock invested 30 million USDs as a portfolio investor in Indian stock market. This may be a case of:
- (a) FDI
 - (b) FII investment
 - (c) Indirect investment
 - (d) NRI investment
97. FIPB stands for:
- (a) Foreign Institutional Promotion Board
 - (b) Foreign Institutional Preparatory Board
 - (c) Foreign Investment Priority Board
 - (d) Foreign Investment Promotion Board
98. Identify the sector where, FDI is not permitted:
- (a) Automobile
 - (b) Infrastructure
 - (c) Textile
 - (d) Animal Husbandry
99. After independence, India followed a:
- (a) Socialistic Path of Development
 - (b) Commonwealth Model of Growth
 - (c) Mixed Economic Path
 - (d) Capitalistic Model of Development
100. Hyundai India Limited came to India through the FDI route. It followed the path of:
- (a) Divestment in Public Sector Unit
 - (b) Joint Venture
 - (c) By creating a 100% Indian subsidiary
 - (d) Replacement of a government sector business

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