

(GCF-2, GCF-3, VCF-1, VDCF-1, SCF-1)

DATE: 15.09.2021

MAXIMUM MARKS: 100

TIMING: 2 Hours

ECONOMICS AND COMMERCIAL KNOWLEDGE

All Questions is compulsory.

1. Oikonomia means
 - (a) industry
 - (b) household
 - (c) services
 - (d) none of these
2. 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
3. Which of the following is considered as a disadvantage of allocating resources using the market system?
 - (a) Exploitation of labour
 - (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
4. Capital intensive technique would not chosen in a
 - (a) labour surplus economy
 - (b) capital surplus economy
 - (c) developed economy
 - (d) developing economy
5. The difference between positive and normative Economics is:
 - (a) Positive Economics explains the performance of the economy while normative Economics find 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.
6. Administered prices refer to:
 - (a) Prices determined by forces of demand and supply
 - (b) Prices determined by sellers in the market
 - (c) Prices determined by an external authority which is usually the government
 - (d) None of the above
7. Which of the following may not be a supply curve?
 - (a) Perfectly elastic
 - (b) Perfectly horizontal
 - (c) Upward to the left
 - (d) Unitary elastic

8. In case of drought, floods, etc. the supply of agriculture commodity will:
 - (a) Increase
 - (b) Decrease
 - (c) Remain constant
 - (d) Become Zero
9. If the price of Banana rises from Rs.40 per dozen to Rs. 50 per dozen and the supply increases from 300 dozen to 400 dozens elasticity of supply is:
 - (a) .70
 - (b) -.67
 - (c) .61
 - (d) 1.2
10. An decrease in the demand can result from:
 - (a) A decline in market price
 - (b) An increase in income
 - (c) A reduction in the price of substitutes
 - (d) An decrease in the price of complements
11. When the income of "X" was Rs. 1000 then he spent his income on goods Rs. 800 and when the income increased upto Rs. 2000 then he used to spend his income on goods Rs. 1400. Hence, show the relationship between income and income spent on goods through the elasticity.
 - (a) $e > 1$
 - (b) $e = 1$
 - (c) $e = 0$
 - (d) $e < 1$
12. In a typical supply schedule, quantity supply:
 - (a) varies directly with price
 - (b) varies proportionately with price
 - (c) varies inversely with price
 - (d) is independent of price
13. Expansion and Contraction of demand for a good occurs as a result of:
 - (a) Change in Price of the Commodity
 - (b) Change in Quality of the Commodity
 - (c) Availability of Cheaper Substitutes
 - (d) Increase in Consumers Income
14. Elasticity between any two given points of a demand curve is called.
 - (a) Price Elasticity
 - (b) ARC Elasticity
 - (c) Point Elasticity
 - (d) Income Elasticity
15. 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

16. According to marginal utility analysis, utility can be measured in-
 - (a) Ranks
 - (b) Utils
 - (c) Nominal Values
 - (d) All of the above
17. 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
18. 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
19. Which of the following condition does not apply to average product curve?
 - (a) Positive Slope
 - (b) Downward Slope
 - (c) Constant Slope
 - (d) AP is Zero
20. 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
21. If the demand for a product is elastic, an increase in its price will cause the Total Expenditure of the Consumers to –
 - (a) Remain the same
 - (b) Increase
 - (c) Decrease
 - (d) Any of these
22. In the short-run,.....factor(s) of production is / are variable.
 - (a) All
 - (b) None
 - (c) One
 - (d) All of the above
23. If Stage I = Increasing Returns, Stage II = Diminishing Returns, And Stage III = Negative Marginal Returns, then A Rational Producer will operate in –
 - (a) Stage I
 - (b) Stage II
 - (c) Stage III
 - (d) All of the above

MITTAL COMMERCE CLASSES

CA FOUNDATION– MOCK TEST

24. If all inputs are increases by 10% and the resultant output is increases 20% then this is a case of :
- (a) Constant returns to scale
 - (b) Increasing returns to scale
 - (c) Diminishing returns to scale
 - (d) Negative returns to scale
25. In the case of two perfect substitutes, the indifference curve will be
- (a) Straight line
 - (b) L-shaped
 - (c) U-shaped
 - (d) C-shaped
26. Which is not the property of Indifference curve analysis?
- (a) Indifference curves slope downward to the right
 - (b) Indifference curves are always concave 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
27. Increasing returns shows?
- (a) Fixed Average Cost
 - (b) Decreasing Marginal Cost
 - (c) Increasing Marginal Cost
 - (d) Increasing Average Cost
28. Function refers to a
- (a) relationship between two variable
 - (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
29. Which curve does intersect AC and AVC curve at its minimum point-
- (a) MC Curve
 - (b) AFC Curve
 - (c) AVC Curve
 - (d) None of above
30. 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
31. Diminishing marginal return imply:
- (a) decreasing average variable costs
 - (b) decreasing marginal costs
 - (c) increasing marginal costs
 - (d) decreasing average fixed costs

32. The most probable outcome of an decrease 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
33. Suppose a department store has a sale on its silverware. If the price of a plate-setting is reduced from Rs. 200 to Rs. 100 and the quantity demanded increases from 2,500 plate-settings to 4,000 plate-settings, what is the price elasticity of demand for silverware? (Use Mid Point Method)
- (a) 8
 - (b) 1.0
 - (c) 1.2
 - (d) 1.50
34. Suppose the demand for meals at a medium-priced restaurant is inelastic. If the management of the restaurant is considering raising prices, it can expect a relatively:
- (a) large fall in quantity demanded
 - (b) large fall in demand
 - (c) small fall in quantity demanded
 - (d) small fall in demand
35. 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
36. 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
37. 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
38. 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

MITTAL COMMERCE CLASSES

CA FOUNDATION– MOCK TEST

39. Yesterday, seller A supplied 1000 units of a good X at Rs. 100 per unit. Today, seller A supplies 500 units at Rs. 50 per unit. Based on this evidence, seller A has experienced a (an)
- Decrease in supply
 - Increase in supply
 - Increase in the quantity supplied
 - Decrease in the quantity supplied
40. Price discrimination is a situation when a producer
- Charges different prices in different markets
 - Charges same price
 - Charges many prices for same product
 - A and C both
41. If oligopolists engage in collusion and successfully form a cartel, the market outcome is-
- The same as if it were served by a monopoly
 - The same as if it were served by competitive firms
 - Efficient because cooperation improves efficiency
 - Known as Nash equilibrium
42. Which of the following statements is normative?
- Large government deficits cause an economy to grow more slowly
 - People work harder if the wage is higher
 - The unemployment rate should be less
 - Printing too much money causes inflation
43. Production function refers to a
- relationship between Output and cost
 - relationship between inputs and output
 - physical relationship between input and output
 - relationship between capital and labour expressed in terms of wage rental ratio
44. When the government constructs Road and Bridge and the cost incurred in constructing is known as-
- Social Cost
 - Marginal Cost
 - Real Cost
 - Personal Cost
45. From the following details, find out the average fixed cost of 20 units:
- | | | | |
|--------------|---------|---------|---------|
| OUTPUT : | 0 | 10 | 20 |
| Total cost : | Rs. 200 | Rs. 400 | Rs. 800 |
- Rs. 10
 - Rs. 20
 - Rs. 200
 - Rs. 400
46. In Perfect Competition, since the Firm is a price-taker, the _____ Curve is a Straight Line.
- Marginal Cost
 - Total Cost

- (c) Total Revenue
(d) Demand Curve
47. If the consumer is below his budget line, the consumer :
(a) Is not spending all of his income
(b) Is spending all of his income
(c) May or may not spending all of his income
(d) Is in equilibrium
48. The shorter the period of time the elasticity of supply will be :
(a) Constant
(b) Less Elastic
(c) More Elastic
(d) All of the above
49. When average product is falling it is :
(a) Less than marginal product
(b) More than marginal product
(c) Equal to marginal product
(d) Nothing to say about
50. When TR falls :
(a) The AR is zero
(b) The MR is zero
(c) The MR is negative
(d) The AR is declining
51. Microeconomics is :
(a) Abstract
(b) Theoretical
(c) Unrealistic Assumptions
(d) All of the above
52. Which Technique is developed by Olaf Helmer
(a) Trend Projection Method
(b) Classical Method
(c) Delphi Technique
(d) Modern Technique
53. Trend projection method of demand forecasting is also known as _____ method :
(a) Modern
(b) Classical
(c) Innovative
(d) All of the above
54. The supply function is given as $Q = -100 + 40P$ find the supply when price is Rs. 20:
(a) 300
(b) 3
(c) 1.33
(d) 700

MITTAL COMMERCE CLASSES

CA FOUNDATION– MOCK TEST

55. If the Qd of X commodity increase by 20% when the price of Y commodity decreases by 5% then the cross elasticity of demand is :
 - (a) - 4 and goods are substitute
 - (b) - 4 and goods are complimentary
 - (c) + 4 and goods are substitute
 - (d) + 4 and goods are complimentary
56. Private cost's are_____
 - (a) Explicit in nature
 - (b) Implicit in nature
 - (c) Both a and b
 - (d) Neutral
57. _____ is also called free market :
 - (a) Regulated Market
 - (b) Spot Market
 - (c) Unregulated Market
 - (d) Long period Market
58. In Longrun equilibrium under monopolistic competition market
 - (a) LAC is minimum
 - (b) LAC is maximum
 - (c) LAC is decreasing
 - (d) LAC is increasing
59. Price discrimination is not possible in_____
 - (a) Monopolistic Market
 - (b) Perfect Competition
 - (c) Both
 - (d) None of the above
60. Which classification of market has become out dated now -
 - (a) On the basis of geographical area
 - (b) On the basis of time
 - (c) On the basis of regulation
 - (d) None of the above
61. What is the kind of response that businesses should make efforts to exploit the opportunity and thought the threats:
 - (a) Strategic Responses
 - (b) Least resistance
 - (c) Diversify
 - (d) Simplify
62. External factors in a Business Environment, include-
 - (a) Opportunities
 - (b) Threats
 - (c) Both (a) and (b)
 - (d) None of the above
63. _____ Environment is beyond the control of the business.
 - (a) Internal
 - (b) External
 - (c) Micro
 - (d) Macro

64. Why is it difficult to understand Environmental Influences?
- (a) It has different sub-systems
 - (b) It cannot be predicted easily
 - (c) It has a complex frame work
 - (d) All of the above
65. 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
66. Monetary Policy includes-
- (a) Activities and interventions that aim at smooth supply of credit to the business and a boost to trade and industry
 - (b) Policy in respect of Public Expenditure, Taxation (both Direct and Indirect) and Public Debt.
 - (c) Regulating the inflow of Foreign Investment in various sector for speeding up industrial development, and related objectives
 - (d) Increasing exports and bridge the gap between Exports and Imports
67. _____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)
68. _____analysis is a way of scanning the environmental influences that have affected or are likely to affect an organization or its policy-
- (a) SWOT
 - (b) PESTLE
 - (c) COSMIC
 - (d) None of the above
69. Who is the Chairmen of L&T Company?
- (a) Anil Manibhai Naik
 - (b) Shankar Raman
 - (c) I.S. Jha
 - (d) Vishal Sikka
70. What is incorporation year of ITC?
- (a) 1910
 - (b) 1920
 - (c) 1912
 - (d) 1914
71. Who is the CEO of NTPC?
- (a) I.S. Jha
 - (b) K Sreekant
 - (c) Vishal Sikka
 - (d) Gurdeep Singh

MITTAL COMMERCE CLASSES**CA FOUNDATION– MOCK TEST**

72. The shares of the company are easily transferable. The shares can be bought and sold in the _____.
(a) Domestic market
(b) Company market
(c) Stock market
(d) Open market
73. Simplification of trade restrictions related to import and export of goods and services is an example of:
(a) Globalization
(b) Privatization
(c) Disinvestment
(d) Aggregation
74. _____ is a course or principle of action adopted or proposed by an organization or individual-
(a) Rule
(b) Procedure
(c) Policy
(d) Strategy
75. 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
76. If current Bank Rate is 10% and RBI decreases it by 20 basis points, the New Rate will be-
(a) 8%
(b) 8.10%
(c) 9.80%
(d) 8.90%
77. Which one of the following is funding institute:
(a) IFCI
(b) RBI
(c) IRDA
(d) SEBI
78. _____ represents the ratio of liquid Assets of Bank to meet liabilities & deposits:
(a) SLR
(b) CRR
(c) Bank rate
(d) None of these
79. _____ is a very wide term that is used in context with financial agreements and contracts.
(a) Account balance
(b) Acceptance
(c) Annuity
(d) Arbitrage

80. Where can the second appeal against SEBI be made?
(a) High Court
(b) Supreme Court
(c) Securities Appellate Tribunal
(d) RBI
81. 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) Either (a) or (c)
82. Which of the following statements characterises the best non-economic activities?
(a) Non-economic activities do not require any investment of resources
(b) These activities do not entail any operational costs
(c) These activities are undertaken by ascetics
(d) The underlying purpose of these activities is not earning of a livelihood but social, psychological or spiritual satisfaction
83. Trends relate to:
(a) Happening of events in internal Environment
(b) Grouping of similar or related events
(c) Demands made by Interested group
(d) None of the above
84. 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
85. 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
86. 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
87. How many members of SEBI should be from RBI?
(a) 4
(b) 3
(c) 1
(d) 2

88. SIDBI does not function as a Nodal/ Implementing Agency to which ministry of the Government:
- (a) Ministry of textiles
 - (b) Ministry of Food Processing and industry
 - (c) Ministry of Commerce and Industry
 - (d) Ministry of External Affairs
89. What is price sensitivity?
- (a) the effect a change in price will have on customers.
 - (b) charging a relatively high price for a short time where a new, innovative, or much-improved product is launched onto a market.
 - (c) a strategy involves setting low prices in order to discourage or deter potential new entrants to the suppliers market.
 - (d) it measures the responsiveness of a change in demand for a product following a change in its own price.
90. According to Peter Drucker aim of the business is to_____and_____
- (a) Create and retain customer
 - (b) Retain customer and create profits
 - (c) Create and retain consumer
 - (d) Retain consumer and maximize wealth
91. SWOT refers to:
- (a) Strength, Worry, Option, Threat
 - (b) Strength, Weakness, Opportunity, Threat
 - (c) Strong, Weak, Option, Threat
 - (d) Strong, Weakness, Opportunity, Think
92. PESTLE refers to-
- (a) Political, Economic, Socio-cultural, Technological, Legal & Environmental factors affecting business
 - (b) All these are External Factors
 - (c) All these constitute Macro Environment
 - (d) All of the above
93. Change of customer's liking from oily foods to healthy packaged foods can be classified amongst which of the following?
- (a) Trend
 - (b) Event
 - (c) Issue
 - (d) Expectation
94. Which one of the following is not related to funds transfer in banks?
- (a) RTGS
 - (b) NEFT
 - (c) IFSC
 - (d) CRR and SLR
95. A very large loan extended by a group of small banks to a single corporate borrower is called as which of the following?
- (a) Time Deposit
 - (b) Long term loan
 - (c) Annuities
 - (d) Syndicated loan

96. _____ is a road map of company's future.
(a) Objective
(b) Goal
(c) Vision
(d) Aim
97. Risk is a probable chance that investments' actual returns will be _____ than as calculated.
(a) Increased
(b) Reduced
(c) Equal
(d) None of the above
98. Which company has vision: To become Amazon of India.
(a) Amazon
(b) Flipkart
(c) Apple
(d) Microsoft
99. Where is the ONGC Headquarters?
(a) Mumbai
(b) Bengaluru
(c) Uttarakhand
(d) Gujrat
100. In which year Central Office of RBI is moved to Mumbai?
(a) 1934
(b) 1935
(c) 1936
(d) 1937

**