

ECONOMICS AND COMMERCIAL KNOWLEDGE

All Questions is compulsory.

1. What is not production in economics :
 - (a) Addition of Utility
 - (b) Creation of Utility
 - (c) Creation of matter
 - (d) None of the above
2. The cobweb theory propounded by _____
 - (a) Schumpeter
 - (b) Nicholas Kaldor
 - (c) Pigou
 - (d) Marshall
3. According to _____ trade cycle is a purely monetary phenomenon.
 - (a) Pigou
 - (b) Schumpeter
 - (c) Keynes
 - (d) Hawtrey
4. Selling expenses includes, which of the following:
 - (i) Advertisement cost
 - (ii) Transportation cost
 - (iii) Offer discount to customers
 - (iv) Incentive to dealers
 - (a) (i) only
 - (b) (i), (ii) and (iv)
 - (c) (i), (iii) and (iv)
 - (d) None of the above
5. Who is the Father of Economics:
 - (a) Marshall
 - (b) Adam Smith
 - (c) Keynes
 - (d) J.B. Say
6. Human's wants are
 - (a) Unlimited
 - (b) Limited
 - (c) Both
 - (d) None of the above
7. 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.

8. The difference between positive and normative Economics is:
 - (a) Positive Economics explains the performance of the economy while normative Economics finds 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.
9. Which of the following is not within the scope of Business Economics?
 - (a) Capital Budgeting
 - (b) risk Analysis
 - (c) Business Cycles
 - (d) Accounting Standards
10. An increase 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 increase in the price of complements.
11. Which of the following statements is incorrect?
 - (a) If marginal revenue exceeds marginal cost the firm should increase output.
 - (b) If marginal cost exceeds marginal revenue the firm should decrease output.
 - (c) Economic profits are maximized when total costs are equal to total revenue.
 - (d) Profits are maximized when marginal revenue equals marginal cost.
12. Elasticity between any two given points of a demand curve is called.
 - (a) Price Elasticity
 - (b) ARC Elasticity
 - (c) Point Elasticity
 - (d) Income Elasticity
13. 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)
14. 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
15. 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

16. In the short-run,.....factor(s) of production is / are variable.
 - (a) All
 - (b) None
 - (c) One
 - (d) All of the above
17. Which one of the following statement is incorrect?
 - (a) Perfect competitive firms are price takers and not price makers.
 - (b) Price discrimination is possible in monopoly only.
 - (c) Duopoly may lead to monopoly.
 - (d) Competitive firm always seeks to discriminate prices.
18. Which of the following is not an essential condition of pure competition?
 - (a) Large number of buyers and sellers
 - (b) Homogeneous product
 - (c) Freedom of entry
 - (d) Absence of transport cost
19. Monopolistic competition differs from perfect competition primarily because
 - (a) in monopolistic competition, firms can differentiate their products.
 - (b) in perfect competition, firms can differentiate their products.
 - (c) in monopolistic competition, entry into the industry is blocked.
 - (d) in monopolistic competition, there are relatively few barriers to entry.
20. 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 perfectly competitive market to discriminate prices.
 - (d) Kinked demand curve is related to an oligopolistic market.
21. If the consumer is on the 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
22. The longer the period of time the elasticity of supply will be :
 - (a) Constant
 - (b) Less Elastic
 - (c) More Elastic
 - (d) All of the above
23. When average product is falling it is :
 - (a) Less than marginal product
 - (b) More than marginal product
 - (c) Equal to marginal product
 - (d) Any of the above
24. Diminishing marginal return for the first four units of a variable input is shown by the following total product sequence :
 - (a) 5, 5, 5, 5
 - (b) 5, 11, 18, 26
 - (c) 5, 9, 12, 14
 - (d) 5, 10, 15, 20

25. When TR falls :
(a) The AR is zero
(b) The MR is zero
(c) The MR is negative
(d) The AR is declining
26. Microeconomics is :
(a) Abstract
(b) Theoretical
(c) Unrealistic Assumptions
(d) All of the above
27. The Delphi technique was developed by _____
(a) Peter Drucker
(b) Alfred Marshall
(c) Olaf Helmer
(d) Adam Smith
28. Trend projection method of demand forecasting is also known as _____ method :
(a) Modern
(b) Classical
(c) Innovative
(d) All of the above
29. The supply function is given as $Q = -100 + 20P$ find the elasticity of supply using point method when price is 20 Rs. :
(a) 300
(b) 3
(c) 1.33
(d) 5
30. If the Q_d of X commodity increase by 50% when the price of Y commodity decreases by 50% then the cross elasticity of demand is :
(a) + 1
(b) - 1
(c) 100
(d) -100
31. 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
32. Increasing returns shows?
(a) Fixed Average Cost
(b) Decreasing Marginal Cost
(c) Increasing Marginal Cost
(d) Increasing Average Cost

33. 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
34. 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
35. 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
36. Diminishing marginal return imply:
(a) decreasing average variable costs
(b) decreasing marginal costs
(c) increasing marginal costs
(d) decreasing average fixed costs
37. _____ 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
38. 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.
39. The economist who gave cobb - douglas production function was an _____ :
(a) Japanese
(b) German
(c) British
(d) American
40. Which curve is never U-shaped?
(a) TFC curve
(b) AVC curve
(c) AC curve
(d) MC curve

41. Under which market, there are many varieties of product for the consumers –
(a) Perfect Competition
(b) Monopoly
(c) Duopoly
(d) Monopolistic Competition
42. In which type of Oligopoly, the price leadership exists –
(a) Full Oligopoly
(b) Partial Oligopoly
(c) Syndicated Oligopoly
(d) Organised Oligopoly
43. 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
44. Other Name of LAC curve is :
(a) Profit Curve
(b) Planning Curve
(c) Demand Curve
(d) Indifference Curve
45. 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
46. 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
47. 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
48. 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

49. 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
50. 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
51. Price Elasticity of Demand for Monopolist's Product is
(a) Infinity
(b) More than one
(c) Less than one
(d) Zero
52. 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
53. The term business cycle refers to
(a) the ups and downs in production of commodities
(b) the fluctuating levels of economic activity over a period of time
(c) decline in economic activities over prolonged period of time
(d) increasing unemployment rate and diminishing rate of savings
54. The lowest point in the business cycle is referred to as the
(a) Expansion
(b) Boom
(c) Peak
(d) Trough
55. During recession, the unemployment rate_____and output_____.
(a) Rises; falls
(b) Rises; rises
(c) Falls; rises
(d) Falls; falls
56. 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

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

57. 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
58. Theory of consumer's behaviour is based upon-
(a) Production hypothesis
(b) Utility hypothesis
(c) Cost hypothesis
(d) Both A and C
59. 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
60. Period in which supply cannot be increased is called
(a) Market Period
(b) Short Run
(c) Long Run
(d) None of these
61. MNCs have to align their operations according to the_____of those nations where from they operate-
(a) Government policy
(b) Public policy
(c) Business policy
(d) Trade policy
62. Bid is the opposite of
(a) Ask/offer
(b) Call
(c) Equity
(d) None of the above
63. By what name are the Education and Stationary products by ITC known in India?
(a) Camel
(b) Apsara
(c) Natraj
(d) Classmate
64. Simplification of trade restrictions related to import is an example of:
(a) Globalization
(b) Privatization
(c) Disinvestment
(d) Aggregation

65. Which of the following statements is not true about FPI-
- (a) Speculative in nature
 - (b) Increase in Output, Employment, Wage Levels, etc. of the Country in which Investment takes place
 - (c) No interest in Management or Control
 - (d) Constitutes Investment in Nominal Capital
66. Who is the CEO of Cipla?
- (a) Y.K. Hamid
 - (b) Kedar Upadhyay
 - (c) Umang Vohra
 - (d) D. Rajkumar
67. Which of the following statements about RBI is incorrect?
- (a) It deals largely with Governments, Central and State Banks.
 - (b) Its role is to ensure monetary stability, including stability of domestic price levels.
 - (c) One of its missions is to protect the interest of policyholders.
 - (d) The RBI is the sole authority for the issue of currency in India.
68. Large number of SHGs have been linked to credit, resulting in an important Indian tool for micro nance, by the endeavour of:
- (a) NABARD
 - (b) SIDBI
 - (c) IDBI
 - (d) SEBI
69. Which one of the following statements is incorrect?
- (a) The SEBI members consist of a Chairman, who shall be appointed by Central Government.
 - (b) The SEBI members consist of two members from amongst the officials of the Ministry of the Central Government.
 - (c) The SEBI members consist of one member from amongst the official of RBI, who shall be nominated by RBI.
 - (d) The SEBI members consist of five other members out of which atleast four members shall be whole-time members, who shall be appointed by Central Government.
70. Which one of the following is not the role of the Competition Commission of India?
- (a) To promote practices having adverse effect on competition.
 - (b) To promote and sustain competition in markets.
 - (c) To protect the interests of consumers and,
 - (d) To ensure freedom of trade carried on by other participants in markets in India.
71. The collection of businesses and products that make up the business is called
- (a) Business Diversification
 - (b) Consortium
 - (c) Business Portfolio
 - (d) None of the above

72. The term ownership refers to the right of an individual or a group of individuals to acquire legal title to assets or properties for the purpose of _____.
(a) Earning profits
(b) Selling goods
(c) Running the business
(d) Serving the society
73. Rates of interest which can be changed contractually by lender is called
(a) Bank rate
(b) Administered rates
(c) Accrued interest
(d) None of the above
74. 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
75. Secondary protection sometimes required by a bank and intended to guarantee a borrower's performance on a debt obligation is called
(a) Collateral security
(b) Certificate of deposit
(c) Deposit slip
(d) None of the above
76. 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
77. Limited Liability Partnership Act, 2008 came into effect by way of notification dated _____.
(a) 31st March 2009
(b) 31st March 2010
(c) 31st March 2008
(d) 31st March 2011
78. If current Bank Rate is 9% and RBI decreases it by 10 basis points, the New Rate will be-
(a) 8%
(b) 8.10%
(c) 9.10%
(d) 8.90%

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

79. _____ 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
80. FDI Limit in Insurance Sector is –
- (a) 39%
 - (b) 49%
 - (c) 29%
 - (d) 59%
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

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