

**(GCF-2,3,4,5,6,7,8,10, VCF-1,2, VDCF-1,2 & SCF-1,2)**

**DATE: 02.12.2021**

**MAXIMUM MARKS: 100**

**TIMING: 2 Hours**

**ECONOMICS AND COMMERCIAL KNOWLEDGE**

**All Questions is compulsory.**

- (1) Which of the following statements is false?
  - (a) Economic costs include the opportunity costs of the resources owned by the firm.
  - (b) Accounting costs include only explicit costs.
  - (c) Economic profit will always be more than accounting profit if resources owned and used by the firm have any opportunity costs.
  - (d) Accounting profit is equal to total revenue less explicit costs.
- (2) Which of the following statements is correct?
  - (a) If marginal revenue exceeds marginal cost the firm should decrease output.
  - (b) If marginal cost exceeds marginal revenue the firm should increase output.
  - (c) Economic profits are maximized when total costs are equal to total revenue.
  - (d) Profits are maximized when marginal revenue equals marginal cost.
- (3) Which one of the following statement is incorrect?
  - (a) Perfect competitive firms are price makers and not price takers.
  - (b) Price discrimination is possible in monopoly only.
  - (c) Duopoly may lead to monopoly.
  - (d) Competitive firm never seeks to discriminate prices.
- (4) Which of the following is not an essential condition of perfect competition?
  - (a) Large number of buyers and sellers
  - (b) Homogeneous product
  - (c) No control over price
  - (d) Elastic demand
- (5) Monopolistic competition differs from perfect competition primarily because
  - (a) in monopolistic competition, firms have selling cost
  - (b) in perfect competition, firms can not differentiate their products.
  - (c) in monopolistic competition, entry into the industry is blocked.
  - (d) both (a) & (b)
- (6) 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 monopoly market to discriminate prices.
  - (d) Kinked demand curve is related to an monopoly market.

**Answer the following Questions: (Q. 7 to 10)**

Quantity	AVC	TVC	TC	MC	AFC
1			60		
2		36			
3				18	
4	20				
5			150		8

- (7) Find TVC of 4<sup>th</sup> Unit:  
(a) 110  
(b) 150  
(c) 120  
(d) 80
- (8) Find MC of 4<sup>th</sup> Unit:  
(a) 10  
(b) 15  
(c) 26  
(d) 40
- (9) Find AVC of 2<sup>nd</sup> Unit:  
(a) 18  
(b) 20  
(c) 54  
(d) 36
- (10) Find TC of 4<sup>th</sup> Unit:  
(a) 60  
(b) 76  
(c) 94  
(d) 120
- (11) If the average cost is falling, then:  
(a) Marginal cost is rising  
(b) Marginal cost is falling  
(c) Marginal cost is equal to average cost  
(d) It is impossible to tell if marginal cost is rising or falling
- (12) Which cost increases continuously with the increase in production?  
(a) Average cost  
(b) Marginal cost  
(c) Fixed cost  
(d) Variable cost
- (13) If the demand curve for a good is horizontal, then a leftward shift of the supply curve results in :  
(a) A price of zero  
(b) an increase in price  
(c) A decrease in price  
(d) no change in price
- (14) Which of the following is not an assumption of ordinal utility analysis?  
(a) Consumers are consistent in their preference  
(b) Consumers can measure the total utility received from any given basket of good  
(c) Consumers are non-satiated with respect to the goods they confront.  
(d) None of the above

- (15) Returns to scale can be explained in terms of:
- (a) External and internal economies
  - (b) External and internal diseconomies
  - (c) External economies and internal diseconomies
  - (d) All of these
- (16) Under Monopoly, price discrimination depends upon:
- (a) Elasticity of demand for commodity
  - (b) Elasticity of supply for commodity
  - (c) Size of market
  - (d) All of above
- (17) The profit maximizing condition for monopolist in two market, A and B is:
- (a)  $MR = MC_a = MC_b$
  - (b)  $MC = MR_a = MR_b$
  - (c)  $AR = MR_a = MR_b$
  - (d) None of the above
- (18) The monopolist can fix any price for his product, but cannot determine\_\_\_\_\_of his product
- (a) Revenue
  - (b) Cost
  - (c) Supply
  - (d) Demand
- (19) When price for a firm is less than average total cost but greater than average variable cost than:
- (a) Shut down to reduce losses
  - (b) Increase price to reduce losses
  - (c) Decreasing cost to reduce losses
  - (d) Continue in short run to reduce losses
- (20) Dumping is related to which market:
- (a) Perfect Competition
  - (b) Monopolistic Competition
  - (c) Monopoly
  - (d) None of the above
- (21) Exploitation and inequality are maximum under:
- (a) Socialism
  - (b) Capitalism
  - (c) Mixed economy
  - (d) None of the above
- (22) Economic indicators in demand forecasting is called:
- (a) Trend Projection Method
  - (b) Barometric method
  - (c) Least Square method
  - (d) Gauge method

- (23) The price line or budget line of a consumer is
- Parallel to x-axis
  - Parallel to y-axis
  - Straight line joining the two axis
  - None of the above
- (24) \_\_\_\_\_ depicts complete picture of consumer's tastes and preferences
- Budget line
  - Average cost curve
  - Indifference map
  - Marginal revenue curve

- (25) You are given the following data:

Table 1	
Output	Total Costs
0	0
1	15
2	35
3	60
4	92
5	140

The above data is an example of:

- Decreasing returns to scale
  - Constant returns to scale
  - Increasing returns to scale
  - Positive fixed cost
- (26) The following table exhibits:
- | Number of Workers | Output |
|-------------------|--------|
| 0                 | 0      |
| 1                 | 23     |
| 2                 | 40     |
| 3                 | 50     |
- increasing marginal product of labour
  - diminishing marginal product of labour
  - increasing returns to scale
  - diminishing returns to scale
- (27) With a view to increase his production Hari Haran a manufacturer of shoes, increases all the factors of production in his unit by 100%. But at the end of year the finds that instead of an increase of 100%, his production has increased by only 80%. Which low of returns to scale is operating in this case\_\_\_\_\_
- Increasing returns to scale
  - Decreasing returns to scale
  - Constant returns to scale
  - None of the above
- (28) Linear Homogeneous Production function is based on\_\_\_\_\_
- Increasing Returns to Scale
  - Decreasing Returns to Scale
  - Constant Returns to Scale
  - None

- (29) Cost in terms of pain, discomforts, disabilities involved in supply of factors of production by their owner are termed as \_\_\_\_\_
- Real cost
  - Explicit cost
  - Social cost
  - Implicit cost
- (30) "I am making a loss, but with the rent I have to pay, I can't afford to shut down at this point of time." If this entrepreneur is attempting to maximize profits or minimize losses.
- Rational, if the firm is covering its variable cost
  - Rational, if the firm is covering its fixed cost
  - Irrational since plant closing is necessary to eliminate losses
  - Irrational, since fixed costs are eliminated if a firm shut down
- (31) Accounting cost will be \_\_\_\_\_ economic cost.
- Greater than
  - Less than
  - Equal to
  - None of these
- (32) If Average cost of a firm is minimum, then Marginal cost will be \_\_\_\_\_
- Greater than average cost
  - Equal to average cost
  - Less than average cost
  - None of these
- (33) In the first stage of law of variable proportions, total product increases at the:
- Decreasing rate
  - Increasing rate
  - Constant rate
  - Both A and B
- (34) In the long run any firm will eventually leave the industry if:
- Price does not at least cover average total cost
  - Price does not equal marginal cost
  - Economies of scale are being reaped
  - Price is greater than long run average cost
- (35) If price is forced to stay below equilibrium price:
- Excess supply exists
  - Excess demand exists
  - Either (a) or (b)
  - Neither (a) nor (b)
- (36) The firm in a perfectly competitive market is a price taker. This designation as a price taker is based on the assumption that
- the firm has some, but not complete, control over its product price.
  - there are so many buyers and sellers in the market that any individual firm cannot affect the market.
  - each firm produces a homogeneous product.
  - there is easy entry into or exit from the market place.

- (37) The condition for pure competition is
- large number of buyer and seller, free entry and exist
  - homogenous product
  - both (a) and (b)
  - large number of buyer and seller, homogenous product, perfect knowledge about the product
- (38) When the products are sold through a centralized body, oligopoly is known as
- organized oligopoly
  - partial oligopoly
  - competitive oligopoly
  - syndicated oligopoly
- (39) Excess capacity is not found under\_\_\_\_\_.
- Monopoly
  - Monopolistic competition
  - Perfect competition
  - Oligopoly
- (40) Which of the following is correct?
- If marginal revenue is positive and falling, total revenue will rise at a decreasing rate.
  - Total revenue is equal to price times the quantity sold.
  - Under perfect competition, total revenue is equal to marginal revenue times the quantity sold.
  - All of the above.
- (41) The upper portion of the kinked demand curve is relatively -
- More inelastic
  - More elastic
  - Less elastic
  - Inelastic
- (42) The trough of a business cycle occurs when \_\_\_\_\_ hits its lowest point.
- Inflation in the economy
  - The money supply
  - Aggregate economic activity
  - The unemployment rate
- (43) A leading indicator is
- a variable that tends to move along with the level of economic activity
  - a variable that tends to move in advance of aggregate economic activity
  - a variable that tends to move consequent on the level of aggregate economic activity
  - None of the above
- (44) A decrease in government spending would cause
- the aggregate demand curve to shift to the right.
  - the aggregate demand curve to shift to the left.
  - a movement down and to the right along the aggregate demand curve.
  - a movement up and to the left along the aggregate demand curve.

- (45) Peaks and troughs of the business cycle are known collectively as
- (a) Volatility.
  - (b) Turning points.
  - (c) Equilibrium points.
  - (d) Real business cycle events.
- (46) The most probable outcome of an increase 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
- (47) Which of the following is not a characteristic of business cycles
- (a) Business cycles have serious consequences on the well being of the society.
  - (b) Business cycles occur periodically, although they do not exhibit the same regularity.
  - (c) Business cycles have uniform characteristics and causes.
  - (d) Business cycles are contagious and unpredictable.
- (48) Economic recession shares all of these characteristics except.
- (a) Fall in the levels of investment, employment
  - (b) Incomes of wage and interest earners gradually decline resulting in decreased demand for goods and services
  - (c) Investor confidence is adversely affected and new investments may not be forthcoming
  - (d) Increase in the price of inputs due to increased demand for inputs
- (49) 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
- (50) 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.
- (51) The economist who gave cobb - douglas production function was an\_\_\_\_\_:
- (a) Japanese
  - (b) German
  - (c) British
  - (d) American

- (52) In which type of Oligopoly, the price leadership exists –  
(a) Full Oligopoly  
(b) Partial Oligopoly  
(c) Syndicated Oligopoly  
(d) Organised Oligopoly
- (53) 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
- (54) 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
- (55) 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
- (56) When TR is maximum :  
(a) The AR is zero  
(b) The MR is zero  
(c) Both MR and AR is zero  
(d) When  $MR = AR$
- (57) If increase in supply is greater than increase in demand, then the equilibrium price :  
(a) Decrease  
(b) Increase  
(c) Does not change  
(d) Cannot be determined
- (58) Till 19<sup>th</sup> century, economics was known as :  
(a) Micro Economy  
(b) World Economy  
(c) Scarcity Economy  
(d) Political Economy
- (59) Sir Robert Giffen was a\_\_\_\_\_economist :  
(a) Scottish  
(b) Chinese  
(c) Japanese  
(d) American



- (60) Increasing returns imply:
- (a) Constant average cost
  - (b) Diminishing cost per unit of output
  - (c) Optimum use of capital and labour
  - (d) None of the above
- (61) Transfer of Interest exists in :
- (a) Business
  - (b) Profession
  - (c) Employment
  - (d) None of the above
- (62) What is the psychological motive of employment
- (a) Service to society
  - (b) Earning livelihood
  - (c) Earning profits
  - (d) Displaying skills
- (63) External factors in a Business Environment, include-
- (a) Opportunities
  - (b) Threats
  - (c) Both (a) and (b)
  - (d) None of the above
- (64) Personal interest in business is more in
- (a) HUF
  - (b) Partnership
  - (c) Sole Proprietorship
  - (d) LLP
- (65) Non-corporate Entity includes :
- (a) Sole Proprietorship, HUF and Partnership
  - (b) HUF, Trust and LLP
  - (c) Partnership LLP and Private companies
  - (d) Sole Proprietorship, LLP and Partnership
- (66) \_\_\_\_\_ successive generations of an Undivided Family are known as HUF.
- (a) 2
  - (b) 3
  - (c) 4
  - (d) 5
- (67) Carrying forward of transaction form one settlement period to the next without effecting delivery or payment is called\_\_\_\_\_
- (a) Bear Market
  - (b) Base price
  - (c) Badla
  - (d) Blue Chips

- (68) \_\_\_\_\_ Environment is beyond the control of the business.
- (a) Internal
  - (b) External
  - (c) Micro
  - (d) Macro
- (69) A free allotment of shares made in proportion to existing shares out of accumulated reserves is called-
- (a) Bond
  - (b) Bonus
  - (c) Bid
  - (d) Offer
- (70) 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
- (71) A financial expression of the value of that product is called-
- (a) Price
  - (b) Cost
  - (c) Expenditure
  - (d) None of the above
- (72) A signed instrument of acknowledgment that indicates the approval is called-
- (a) Acceptance
  - (b) Terms
  - (c) Conditions
  - (d) None of the above
- (73) The price sensitivity of the market is an important factor of which element of Micro environment:
- (a) Suppliers
  - (b) Market
  - (c) Intermediaries
  - (d) Customer
- (74) Business and technology are:
- (a) Interrelated
  - (b) Interdependent
  - (c) Interrelated & Interdependent
  - (d) None of the above
- (75) Which industrial category does Wipro Ltd. come under?
- (a) Pharmaceuticals & Drugs
  - (b) Diversified
  - (c) Media
  - (d) IT- Software

- (76) 'My customer First' is the Vision of which Bank?
- (a) SBI
  - (b) Axis Bank
  - (c) HDFC Bank
  - (d) Bank of Baroda
- (77) 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
- (78) 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
- (79) Where can the first appeal against SEBI be made?
- (a) High Court
  - (b) Supreme Court
  - (c) Securities Appellate Tribunal
  - (d) RBI
- (80) Bid is the opposite of
- (a) Ask/offer
  - (b) Call
  - (c) Equity
  - (d) None of the above
- (81) A stock that provides a constant dividends and stable earnings even in the periods of economic downturn is \_\_\_\_\_.
- (a) Defensive Stock
  - (b) Cash budget
  - (c) Income stock
  - (d) Listed stock
- (82) 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
- (83) In FMCG "C" means :
- (a) Capital
  - (b) Cheap
  - (c) Consumer
  - (d) Company

- (84) Who cannot be a Foreign Direct Investor?
- (a) Governments or Government Agencies
  - (b) Estates, Trusts, or other organizations
  - (c) Unincorporated Private or Public Enterprises
  - (d) None of the above
- (85) 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
- (86) \_\_\_\_\_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)
- (87) 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.
- (88) 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
- (89) 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.
- (90) 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.

- (91) The Industrial Finance Corporation of India(IFCI) was established in which year?  
(a) 1945  
(b) 1946  
(c) 1947  
(d) 1948
- (92) 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
- (93) By what name are the Education and Stationary products by ITC known in India?  
(a) Camel  
(b) Apsara  
(c) Natraj  
(d) Classmate
- (94) Simplification of trade restrictions related to import is an example of:  
(a) Globalization  
(b) Privatization  
(c) Disinvestment  
(d) Aggregation
- (95) 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%
- (96) Power System Operation Corporation Limited is subsidiary of which company ?  
(a) ONGC  
(b) Power Grid  
(c) IOC  
(d) NTPC
- (97) A change in the Environment:  
(a) is always Accepted by Firms  
(b) is always declined by Firms  
(c) May be an opportunity to some and threat to some other Firms  
(d) None of the above
- (98) The following statement relates to which strategic response approach to the environment: They seek to monitor the changes in that environment, analyse their impact on their own goals and activities and translate their assessment in terms of specific strategies for survival, stability and strength.  
(a) Proceed with caution  
(b) Least resistance  
(c) Dynamic response  
(d) Static Response

- (99) PESTLE is to describe \_\_\_\_\_ environment :
- (a) Micro
  - (b) Macro
  - (c) Real
  - (d) Physical
- (100) Waiving of farm loans is an example of :
- (a) Regulatory Policy
  - (b) Facilitative Policy
  - (c) Restrictive Policy
  - (d) Distributive Policy

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