

(GCF-9, GCF-11, VCF-VDCF-SCF-3)**DATE: 21.03.2022****MAXIMUM MARKS: 100****TIMING: 2 Hours****ECONOMICS AND COMMERCIAL KNOWLEDGE****All Questions is compulsory.**

1. Ans. C
 Explanation:
 Creation of utility is production in economics.
2. Ans. B
 Explanation:
 The cobweb theory propounded by Nicholas Kaldor.
3. Ans. D
 Explanation:
 According to Hawtrey trade cycle is a purely monetary phenomenon.
4. Ans. C
 Explanation:
 Advertisement cost, Offer discount to customers and Incentive to dealers are selling expenses.
5. Ans. B
 Explanation:
 Adam Smith is the Father of Economics.
6. Ans. A
 Explanation:
 Human's wants are Unlimited.
7. Ans. A
 Explanation:
 In short run entry and exit of new firm is not possible.
8. Ans. B
 Explanation:
 Positive economics is related to fact and normative economics is related to value judgment.
9. Ans. D
 Explanation:
 Accounting standard is not within the scope of business economics.
10. Ans. B
 Explanation:
 Since there is direct relationship between income and demand
11. Ans. C
 Explanation:
 Economic profit = Total Revenue – Economic Cost or Total Revenue > Economic Cost

12. Ans. B
 Explanation:
 Since Elasticity between any two given points of a demand curve is called ARC Elasticity.
13. Ans. C
 Explanation:
 Demand arises in respect of both goods harmful and socially desirable goods.
14. Ans. D
 Explanation:
 Because average of total production can never be zero or negative.
15. Ans. C
 Explanation:
 In case of elastic demand when price increases then total expenditure decreases.
16. Ans. C
 Explanation:
 In short run atleast one factor is variable and atleast one factor is fixed.
17. Ans. D
 Explanation:
 Competitive firm never seeks to discriminate prices.
18. Ans. D
 Explanation:
 Absence of transport cost is not an essential condition of pure competition.
19. Ans. A
 Explanation:
 Monopolistic competition differs from perfect competition primarily because in monopolistic competition, firms can differentiate their products.
20. Ans. C
 Explanation:
 Price discrimination is feature of monopoly.
21. Ans. B
 Explanation:
 If the consumer is on the budget line then he is spending all of his income.
22. Ans. C
 Explanation:
 Since in longer time $E_s > 1$.
23. Ans. B
 Explanation:
 Since when AP is falling ($AP > MP$).
24. Ans. C
 Explanation:
 Since its MP sequence is 4, 3, 2.

25. Ans. C
Explanation:
Since $TR \downarrow$ an MR is negative.
26. Ans. D
Explanation:
Since all are known as microeconomics.
27. Ans. C
Explanation:
The Delphi Technique is developed by Alaf Helmer.
28. Ans. B
Explanation:
Since trend projection is classical method.
29. Ans. C
Explanation:
$$E_s = \frac{dq}{dp} \times \frac{p}{q}$$

Since $\frac{dq}{dp} = 20$ $P = 20$ Rs.
 $q = -100 + 20(20)$
 $q = 300$
$$E_s = 20 \times \frac{20}{300}$$

 $E_s = 1.33$
30. Ans. B
Explanation:
Since $\frac{\% \text{ change in Qd}}{\% \text{ change in Price}} = \frac{50\%}{50\%} = 1$
and they are opposite in direction hence -1.
31. Ans. B
Explanation:
Accounting cost will be less than economic cost. Because in economic cost, implicit cost and O.C. cost are also included.
32. Ans. B
Explanation:
If Average cost of a firm is minimum, then Marginal cost will be Equal to average cost.
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
 Explanation:
 When both demand and supply decreases in the same proportion, then equilibrium price will Remain the same.
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
 Explanation:
 Till 19th century, economics was known as Political Economy.
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:
 Bid is the opposite of Ask/offer.
62. Ans. D
 Explanation:
 Education and stationery products by ITC in India is known as classmate.
63. Ans. A
 Explanation:
 Simplification of trade restrictions related to import is an example of globalization.
64. Ans. B
 Explanation:
 FPI not create output and employment because FPI is investment in share market.
65. Ans. C
 Explanation:
 Umang Vohra is the CEO of Cipla.
66. Ans. C
 Explanation:
 RBI does not protect the interest of the policy holders.
67. Ans. A
 Explanation:
 SHGs programme is related to ABARD
68. Ans. D
 Explanation:
 The SEBI members consist of five other members out of which atleast 3 members shall be whole time member.
69. Ans. A
 Explanation:
 To promote practices having adverse effect on competition is not the role of CCI.

70. Ans. C
 Explanation:
 The collection of business and products that makeup the business is called business portfolio.
71. Ans. C
 Explanation:
 The term ownership refers to the right of an individual or a group of individual to acquire legal title to assets for the purpose of running the business.
72. Ans. B
 Explanation:
 Rates of interest which can be changed contractually by lender is called administered rates.
73. Ans. C
 Explanation:
 Measure of change in financial parameters is called basis point.
74. Ans. A
 Explanation:
 Secondary protection sometimes required by a bank is called collateral security.
75. Ans. B
 Explanation:
 A document issued by a bank stating its commitment to pay a third party is letter of credit.
76. Ans. A
 Explanation:
 LLP act 2008 came into effect on 31st March 2009.
77. Ans. D
 Explanation:
 100 basis points = 1% rate of interest.
78. Ans. C
 Explanation:
 Repo rate is rate at which bank borrow money from RBI.
79. Ans. B
 Explanation:
 FDI limit in insurance sector is 49%.
80. Ans. D
 Explanation:
 In HUF businesses, there is a family involvement in business and recognized as such in India.
81. Ans. A
 Explanation:
 Transfer of Interest exists in Business.

82. Ans. B
 Explanation:
 Earning livelihood is the psychological motive of employment.
83. Ans. C
 Explanation:
 External factors in a Business Environment, include Opportunities & Threats.
84. Ans. C
 Explanation:
 Personal interest in business is more in Sole Proprietorship.
85. Ans. A
 Explanation:
 Non-corporate Entity includes Sole Proprietorship, HUF and Partnership
86. Ans. B
 Explanation:
 Three successive generations of an Undivided Family are known as HUF.
87. Ans. C
 Explanation:
 Carrying forward of transaction form one settlement period to the next without effecting delivery or payment is called Badla.
88. Ans. B
 Explanation:
 External Environment is beyond the control of the business.
89. Ans. B
 Explanation:
 A free allotment of shares made in proportion to existing shares out of accumulated reserves is called Bonus.
90. Ans. C
 Explanation:
 Supplier Environment does not have an impact on Changes in consumer tastes, preference and expectations.
91. Ans. A
 Explanation:
 A financial expression of the value of that product is called Price.
92. Ans. A
 Explanation:
 A signed instrument of acknowledgment that indicates the approval is called Acceptance.
93. Ans. B
 Explanation:
 The price sensitivity of the market is an important factor of market.

94. Ans. C
 Explanation:
 Business and technology are interrelated and Interdependent.
95. Ans. D
 Explanation:
 Wipro Ltd. come under IT-Software.
96. Ans. A
 Explanation:
 My customer First is the vision of SBI.
97. Ans. C
 Explanation:
 Biometric Aadhar card is considered as a public policy.
98. Ans. B
 Explanation:
 Decisions on annual financial spending, Taxes and Duties and Military spending are considered in Budget.
99. Ans. C
 Explanation:
 In Securities Appellate Tribunal first appeal against SEBI be made.
100. Ans. A
 Explanation:
 Bid is the opposite of Ask/offer.

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