

**(GCF-9, 11, 12, 13, VCF-VDCF-SCF-3)**

DATE: 21.04.2022

MAXIMUM MARKS: 100

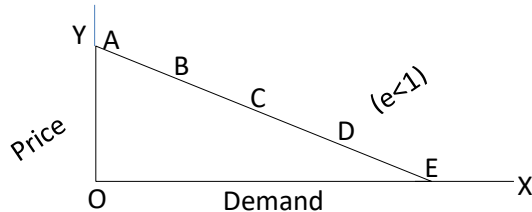
TIMING: 2 Hours

**ECONOMICS AND COMMERCIAL KNOWLEDGE****All Questions is compulsory.**

1. Ans. a  
Explanation:  
$$MP = \frac{\Delta TP}{\Delta Q} \quad \frac{4}{1} = 4$$
2. Ans. b  
Explanation:  
$$AC = \frac{TC}{Q} \quad \frac{120}{40} = 3$$
3. Ans. c  
Explanation:  
$$AP = \frac{TP}{Q} \quad \frac{56}{7} = 8$$
4. Ans. d  
Explanation:  
$$MC = \frac{\Delta TC}{\Delta Q} \quad \frac{30}{2} = 15$$
5. Ans. c  
Explanation:  
Personal computer and software are complimentary goods so cross elasticity is negative.
6. Ans. c  
Explanation:  
Income elasticity is greater than one so private school education is a luxury.
7. Ans. d  
Explanation:  
Market for ultimate consumer is retail market.
8. Ans. c  
Explanation:  
In perfect competition market there is no advertising cost.
9. Ans. c  
Explanation:  
In market, the price output equilibrium is determined by Marginal cost curve and marginal revenue curve.
10. Ans. c  
Explanation:  
If demand is elastic then price increase will decrease total expenditure.

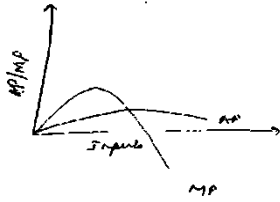
11. Ans. c  
Explanation:  
Utility is measured by satisfaction.
12. Ans. a  
Explanation:  
Consumer surplus = Utility - Price  
So                      540 - 360 = 180
13. Ans. d  
Explanation:  
Economic, Social and National objective of the objective of entrepreneur
14. Ans. d  
Explanation:  
Addition or creation of utility is production.
15. Ans. b  
Explanation:  
An upward shift in marginal cost reduces output and an upward shift in marginal revenue increases output.
16. Ans. d  
Explanation:  
Firms are assumed to minimize costs and to maximize profits.
17. Ans. b  
Explanation:  
Selling expenses not includes transportation cost.
18. Ans. b  
Explanation:  
Equilibrium is defined as a situation in Neither buyers nor sellers want to change their behaviour.
19. Ans. a  
Explanation:  
If firms can neither enter nor leave an industry, the relevant time period is Short run.
20. Ans. a  
Explanation:  
In a Mixed Economy, Industries in Private Sector have profit motive only as their objective and driving force.
21. Ans. d  
Explanation:  
Ordinal approach never assumes marginal utility of money.
22. Ans. a  
Explanation:  
The concept of Consumer Surplus arises due to the reason that MU is initially higher than Price.

23. Ans. a  
Explanation:  
MRS decrease as we go down the Curve Indifference Curve Analysis approach operate.
24. Ans. c  
Explanation:  
The responsiveness of a good's demand to changes in the Firm's spending on advertising is called Advertisement elasticity
25. Ans. b  
Explanation:  
The method in which future demand is estimated by conducting market studies and experiments on consumer behaviour is known as Market Experiment Method.
26. Ans. c  
Explanation:  
Driven by emotions and sentiments is not an economic activity.
27. Ans. d  
Explanation:



28. Ans. a  
Explanation:  
Indifference curve is convex due to declining MRS
29. Ans. c  
Explanation:  
MP increasing so increasing return to scale.
30. Ans. a  
Explanation:  
Normal profit not found in monopoly long run.
31. Ans. c  
Explanation:  
In the long run Both demand and supply can change.
32. Ans. c  
Explanation:  
In market, the price output equilibrium is determined by Marginal cost curve and marginal revenue curve.
33. Ans. c  
Explanation:  
Economics is the study of How society manages its scarce resources.

34.    Ans. b  
      Explanation:  
      If demand is elastic then price cuts will increase spending.
35.    Ans. d  
      Explanation:  
      Utility means satisfaction of good.
36.    Ans. c  
      Explanation:  
      Consumer surplus     = what a consumer is ready to pay – what he actually pay.  
                                  = 320 – 180 = 140
37.    Ans. a  
      Explanation:  
      Consumer is in equilibrium when Marginal Utility = Price.
38.    Ans. d  
      Explanation:  
      Accounting profit = Total Revenue – Accounting Cost
39.    Ans. b  
      Explanation:  
      It is assumed in economic theory that the ultimate goal of the firm is to maximise profits, regardless of firm size or type of business organisation.
40.    Ans. c  
      Explanation:  
      Economic profit = Total Revenue – Economic Cost or Total Revenue > Economic Cost
41.    Ans. b  
      Explanation:  
      Economics is not a perfect science because economics is science as well as arts
42.    Ans. b  
      Explanation:  
      Economic laws are Subject to specified assumptions
43.    Ans. a  
      Explanation:  
      An Indifference Curve slopes down towards right, since more of one commodity and less of another result in same level satisfaction
44.    Ans. a  
      Explanation:  
      In Market Period supply can not be increased
45.    Ans. d  
      Explanation:



As when AP falls, MP also falls but  $MP < AP$

46. Ans. a  
Explanation:  
National unemployment rate is related to macro economics.
47. Ans. b  
Explanation:  
Positive economics is related to fact and normative is related to value judgment.
48. Ans. d  
Explanation:  
Accounting Standards is not within the scope of Business Economics.
49. Ans. d  
Explanation:  
In monopoly MR is less than AR.
50. Ans. b  
Explanation:  
In case of perfect substitute goods cross elasticity is infinity.
51. Ans. c  
Explanation:  
 $TR - \text{Accounting Cost} = \text{Accounting Profit}$   
 $4,00,000 - 40,000 = 3,60,000$
52. Ans. c  
Explanation:  
 $TR - \text{Economic Cost} = \text{Economic Profit}$   
 $4,00,000 - 1,65,000 = 2,35,000$
53. Ans. c  
Explanation:  
 $MC = \frac{\Delta TC}{\Delta Q}$   
So  $\Delta TC = MC \times \Delta Q$   
 $40 \times 2 = 80$   
So  $\Delta TC = 80$   
So  $TC = 160$
54. Ans. d  
Explanation:  
In perfect competition in long run equilibrium condition is  $P = MR = AR = LAC = SAC = LMC = SMC$  so the right answer is D.

55. Ans. a  
Explanation:  
In monopoly AR curve lies above the MR curve.
56. Ans. b  
Explanation:  
The opportunity cost of a good is the quantity of other goods sacrificed to get another unit of that good.
57. Ans. b  
Explanation:  
Relationship between AR, MR and Price elasticity of demand is  $MR = AR \times [e^{-1/e}]$ .
58. Ans. b  
Explanation:  
In perfect competition the firm's Marginal cost curve above AVC has the identical shape of the firm's supply curve
59. Ans. d  
Explanation:  
If the demand curve for good X is downward-sloping, an increase in the price will result in A smaller quantity demanded for good X.
60. Ans. d  
Explanation:  
In this case price decreases and supply also decreases so that is case of decrease in quantity supplied.
61. Ans. d  
Explanation:  
Maturity Level of the market, Cost Structure of the market and Price Sensitivity of the market issues should be considered while analyzing the market.
62. Ans. c  
Explanation:  
Any goods that are stored, delivered and used in its electronic format Digital Goods.
63. Ans. a  
Explanation:  
Rate at which the Central Bank in the discharge of its function as Banker's Bank lends to the commercial banks is called Bank Rate.
64. Ans. d  
Explanation:  
In India, Foreign Investments is prohibited in Chit Funds, Real Estate and Cigar manufacturing.
65. Ans. d  
Explanation:  
In HUF Business It is a form of business particular to and recognized as such in India and there is a family involvement in business.

66.    Ans. d  
      Explanation:  
      characteristic of Business Environment is environment is dynamic and environment is complex and multi-faceted.
67.    Ans. c  
      Explanation:  
      Cipla Ltd. has the slogan 'caring for life'.
68.    Ans. a  
      Explanation:  
      A stock that provides a constant dividends and stable earnings even in the periods of economic downturn is called defensive stock.
69.    Ans. d  
      Explanation:  
      FDI in sectors /activities which do not require any prior approval either of the Government or the Reserve Bank of India is identified as Automatic Route.
70.    Ans. a  
      Explanation:  
      Controller of Capital Issues is the regulatory body for controlling financial affairs in India before SEBI.
71.    Ans. d  
      Explanation:  
      Commercial Awareness involves knowledge of How business make money, What customer want & What problems are there in particular areas of business.
72.    Ans. a  
      Explanation:  
      HUF consists of All persons lineally descended from a common ancestor, including Wives and Unmarried Daughters.
73.    Ans. b  
      Explanation:  
      Under the income tax Act, A HUF cannot earn income from Salary.
74.    Ans. c  
      Explanation:  
      Scanning is the process by which organizations monitor their relevant environment to identify opportunities and threats affecting their business for the purpose of taking strategic decisions.
75.    Ans. b  
      Explanation:  
      Business Environment represents External Forces forces that exert some degree of impact on the business decisions taken by the firm.
76.    Ans. a  
      Explanation:  
      Methods of production does not characterize the Business Environment.

77.    Ans. d  
      Explanation:  
      All type of enterprise need to interact with the environment.
78.    Ans. d  
      Explanation:  
      Procedure of analyzing threats and opportunities of organization's environment is classified as Environmental scanning.
79.    Ans. b  
      Explanation:  
      In external environmental scanning, tax legislations, social security legislations and tax provisions are classified as Government Influences.
80.    Ans. a  
      Explanation:  
      The immediate environment with which the firm operates is called Micro Environment.
81.    Ans. a  
      Explanation:  
      Strategic Response businesses should make efforts to exploit the opportunity and thought the threats.
82.    Ans. c  
      Explanation:  
      External factors in a Business Environment, include Opportunities and Threats.
83.    Ans. b  
      Explanation:  
      External Environment is beyond the control of the business.
84.    Ans. d  
      Explanation:  
      Because of all reason given in the question it is difficult to understand environmental influences.
85.    Ans. c  
      Explanation:  
      Changes in consumer tastes, preference and expectations not have an impact on suppliers environment.
86.    Ans. a  
      Explanation:  
      Monitory Policy is related to credit and finance.
87.    Ans. c  
      Explanation:  
      Foreign Investment policy aims at regulating the inflow of foreign investment in various sectors for speeding up industrial development, and related objectives.



88.    Ans. b  
      Explanation:  
      PESTLE analysis is a way of scanning the environmental influences that have affected or are likely to affect an organization or its policy.
89.    Ans. a  
      Explanation:  
      Anil Manibhai Naik is the Chairmen of L&T Company.
90.    Ans. a  
      Explanation:  
      1910 is incorporation year of ITC.
91.    Ans. d  
      Explanation:  
      Gurdeep Singh is the CEO of NTPC.
92.    Ans. c  
      Explanation:  
      The shares can be bought and sold in the Stock Market.
93.    Ans. a  
      Explanation:  
      Simplification of trade restrictions related to import and export of goods and services is an example of Globalization.
94.    Ans. c  
      Explanation:  
      Policy is a course or principle of action adopted or proposed by an organization or individual.
95.    Ans. b  
      Explanation:  
      Foreign Direct Investment is an impact of Liberalization.
96.    Ans. c  
      Explanation:  
      100 basis point = 1% rate of interest.
97.    Ans. a  
      Explanation:  
      IFCI is funding institute.
98.    Ans. a  
      Explanation:  
      SLR represents the ratio of liquid Assets of Bank to meet liabilities & deposits.
99.    Ans. b  
      Explanation:  
      Acceptance is a very wide term that is used in context with financial agreements and contracts.

100. Ans. b  
Explanation:  
Second appeal against SEBI be made in Supreme Court.

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