

(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. 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 nds 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

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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
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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 Qd 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. Accounting cost will be _____ economic cost.
(a) Greater than
(b) Less than
(c) Equal to
(d) None of these
32. If Average cost of a firm is minimum, then Marginal cost will be _____
(a) Greater than average cost
(b) Equal to average cost
(c) Less than average cost
(d) None of these

33. In the first stage of law of variable proportions, total product increases at the:
- (a) Decreasing rate
 - (b) Increasing rate
 - (c) Constant rate
 - (d) Both A and B
34. In the long run any firm will eventually leave the industry if:
- (a) Price does not at least cover average total cost
 - (b) Price does not equal marginal cost
 - (c) Economies of scale are being reaped
 - (d) Price is greater than long run average cost
35. If price is forced to stay below equilibrium price:
- (a) Excess supply exists
 - (b) Excess demand exists
 - (c) Either (a) or (b)
 - (d) 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
- (a) the firm has some, but not complete, control over its product price.
 - (b) there are so many buyers and sellers in the market that any individual firm cannot affect the market.
 - (c) each firm produces a homogeneous product.
 - (d) there is easy entry into or exit from the market place.
37. The condition for pure competition is
- (a) large number of buyer and seller, free entry and exist
 - (b) homogenous product
 - (c) both (a) and (b)
 - (d) 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
- (a) organized oligopoly
 - (b) partial oligopoly
 - (c) competitive oligopoly
 - (d) syndicated oligopoly
39. Excess capacity is not found under_____.
- (a) Monopoly
 - (b) Monopolistic competition
 - (c) Perfect competition
 - (d) Oligopoly
40. Which of the following is correct?
- (a) If marginal revenue is positive and falling, total revenue will rise at a decreasing rate.
 - (b) Total revenue is equal to price times the quantity sold.
 - (c) Under perfect competition, total revenue is equal to marginal revenue times the quantity sold.
 - (d) All of the above.

41. The upper portion of the kinked demand curve is relatively -
(a) More inelastic
(b) More elastic
(c) Less elastic
(d) Inelastic
42. The trough of a business cycle occurs when _____ hits its lowest point.
(a) Inflation in the economy
(b) The money supply
(c) Aggregate economic activity
(d) The unemployment rate
43. A leading indicator is
(a) a variable that tends to move along with the level of economic activity
(b) a variable that tends to move in advance of aggregate economic activity
(c) a variable that tends to move consequent on the level of aggregate economic activity
(d) None of the above
44. A decrease in government spending would cause
(a) the aggregate demand curve to shift to the right.
(b) the aggregate demand curve to shift to the left.
(c) a movement down and to the right along the aggregate demand curve.
(d) 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 19th 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. Bid is the opposite of
(a) Ask/offer
(b) Call
(c) Equity
(d) None of the above
62. By what name are the Education and Stationary products by ITC known in India?
(a) Camel
(b) Apsara
(c) Natraj
(d) Classmate
63. Simplification of trade restrictions related to import is an example of:
(a) Globalization
(b) Privatization
(c) Disinvestment
(d) Aggregation
64. 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

65. Who is the CEO of Cipla?
(a) Y.K. Hamid
(b) Kedar Upadhyay
(c) Umang Vohra
(d) D. Rajkumar
66. 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.
67. Large number of SHGs have been linked to credit, resulting in an important Indian tool for micro finance, by the endeavour of:
(a) NABARD
(b) SIDBI
(c) IDBI
(d) SEBI
68. 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.
69. 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.
70. 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
71. 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

72. 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
73. 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
74. 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
75. 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
76. 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
77. 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%
78. _____ 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

79. FDI Limit in Insurance Sector is –
(a) 39%
(b) 49%
(c) 29%
(d) 59%
80. 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)
81. Transfer of Interest exists in :
(a) Business
(b) Profession
(c) Employment
(d) None of the above
82. What is the psychological motive of employment
(a) Service to society
(b) Earning livelihood
(c) Earning profits
(d) Displaying skills
83. External factors in a Business Environment, include-
(a) Opportunities
(b) Threats
(c) Both (a) and (b)
(d) None of the above
84. Personal interest in business is more in
(a) HUF
(b) Partnership
(c) Sole Proprietorship
(d) LLP
85. 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
86. _____ successive generations of an Undivided Family are known as HUF.
(a) 2
(b) 3
(c) 4
(d) 5

87. Carrying forward of transaction from one settlement period to the next without effecting delivery or payment is called_____
- (a) Bear Market
 - (b) Base price
 - (c) Badla
 - (d) Blue Chips
88. _____ Environment is beyond the control of the business.
- (a) Internal
 - (b) External
 - (c) Micro
 - (d) Macro
89. 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
90. 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
91. A financial expression of the value of that product is called-
- (a) Price
 - (b) Cost
 - (c) Expenditure
 - (d) None of the above
92. A signed instrument of acknowledgment that indicates the approval is called-
- (a) Acceptance
 - (b) Terms
 - (c) Conditions
 - (d) None of the above
93. The price sensitivity of the market is an important factor of which element of Micro environment:
- (a) Suppliers
 - (b) Market
 - (c) Intermediaries
 - (d) Customer
94. Business and technology are:
- (a) Interrelated
 - (b) Interdependent
 - (c) Interrelated & Interdependent
 - (d) None of the above

95. Which industrial category does Wipro Ltd. come under?
(a) Pharmaceuticals & Drugs
(b) Diversified
(c) Media
(d) IT- Software
96. 'My customer First' is the Vision of which Bank?
(a) SBI
(b) Axis Bank
(c) HDFC Bank
(d) Bank of Baroda
97. 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
98. 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
99. Where can the first appeal against SEBI be made?
(a) High Court
(b) Supreme Court
(c) Securities Appellate Tribunal
(d) RBI
100. Bid is the opposite of
(a) Ask/offer
(b) Call
(c) Equity
(d) None of the above

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