

(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.****Solve Question 1 to 4 with the help of this table :**

No. of Workers	Total Output	Total Cost
1	10	30
2	22	60
3	31	90
4	40	120
5	47	150
6	52	180
7	56	210
8	58	240
9	60	270
10	61	300

- Find MP of the 7th Worker.
 - 4
 - 8
 - 2
 - 6
- Find AC of the 40th Unit.
 - 2
 - 3
 - 10
 - 20
- Find AP of the 7th Worker.
 - 4
 - 5
 - 8
 - 10
- Find MC of 60th Unit.
 - 3.24
 - 2
 - 8.55
 - 15
- The cross elasticity between personal computers and soft wares is:
 - Positive
 - Zero
 - Negative
 - One
- Suppose the income elasticity of education in private school in India is 3.6. What does this indicate:
 - Private school education is highly wanted by rich
 - Private school education is a necessity
 - Private school education is a luxury
 - We should have more private schools

7. The market for the ultimate consumers is known as
(a) Whole sale market
(b) Regulated market
(c) Unregulated market
(d) Retail market
8. Which of the following is not a condition of perfect competition?
(a) A large number of firms
(b) Perfect mobility of factors
(c) Informative advertising to ensure that consumers have good information
(d) Freedom of entry and exit into and out of the market
9. In market, the price output equilibrium is determined by
(a) Total cost curve and total revenue curve
(b) Total cost curve and marginal revenue curve
(c) Marginal cost curve and marginal revenue curve
(d) Only MC curve
10. If demand is _____ then price increases will _____ spending.
(a) Perfectly inelastic, increase
(b) Elastic, increase
(c) Elastic, decrease
(d) None of the above
11. Utility is measured by:
(a) Wealth
(b) Price
(c) Satisfaction
(d) Both (a) and (b)
12. The satisfaction which a consumer derives from the consumption of commodity is equal to Rs. 540. The price of that commodity is Rs. 360. What will be his consumer surplus?
(a) 180
(b) 200
(c) 140
(d) 500
13. Which of the following is a objective of entrepreneur.
(a) Economic objective
(b) Social objective
(c) National objective
(d) All of the above
14. What is not production in economics :
(a) Addition of Utility
(b) Creation of Utility
(c) Creation of Utility in matter
(d) None of the above

15. An upward shift in marginal cost _____ output and an upward shift in marginal revenue _____ output.
(a) Reduces, reduces
(b) Reduces, increases
(c) Increases, increases
(d) Increases, reduces
16. Firms are assumed to _____ costs and to _____ profits.
(a) Incur, desire
(b) Pay, make
(c) Charge, earn
(d) Minimize, maximize
17. Selling expenses not includes, which of the following:
(a) Advertisement cost
(b) Transportation cost
(c) Offer discount to customers
(d) Incentive to dealers
18. Equilibrium is defined as a situation in which :
(a) No government regulations exist
(b) Neither buyers nor sellers want to change their behaviour
(c) Demand curves are perfectly horizontal
(d) Suppliers will supply any amount that buyers wish to buy
19. If firms can neither enter nor leave an industry, the relevant time period is :
(a) Short run
(b) Intermediate run
(c) Long run
(d) Immediate run
20. In a Mixed Economy, Industries in Private Sector have _____ as their objective and driving force.
(a) Profit motive only
(b) Community welfare only
(c) Both (a) and (b)
(d) Neither (a) nor (b)
21. The Ordinal Approach to Utility assumes Marginal Utility of Money is :
(a) Zero
(b) Constant
(c) Increasing Trend
(d) None of the above
22. The concept of Consumer Surplus arises due to the reason that:
(a) MU is initially higher than Price
(b) MU is always equal to Price
(c) MU is initially lower than Price
(d) MU is always equal to Zero

23. Why does the Indifference Curve Analysis approach operate ?
(a) MRS decrease as we go down the Curve
(b) MRS remains constant at every point on I.C.
(c) MRS increases as we go up to the curve
(d) Consumer Surplus decreases when I.C. go down to the curve
24. The responsiveness of a good's demand to changes in the Firm's spending on selling cost is called:
(a) Demand elasticity
(b) Supply elasticity
(c) Advertisement elasticity
(d) None of the above
25. The method in which future demand is estimated by conducting market studies and experiments on consumer behaviour is known as :
(a) Market Research Method
(b) Market Experiment Method
(c) Consumer Behaviour Analysis
(d) Market Response Analysis
26. Which is not true about an economic activity?
(a) Measured in terms of money
(b) Pragmatic approach
(c) Driven by emotions and sentiments
(d) Adds value to National Income
27. What is the elasticity between mid point and lower extreme point of a straight line continuous demand curve?
(a) Infinite
(b) Zero
(c) Greater than one
(d) Less than one
28. The convexity of indifference curve is due to:
(a) Declining marginal rate of substitution
(b) Resources are scarce
(c) Constant marginal rate of substitution
(d) Both (a) & (b)
29. You are given the following data:

Table 1	
Output	Marginal Production
0	0
1	15
2	20
3	25
4	30
5	45

The above data is an example of:

- (a) Decreasing returns to scale
(b) Constant returns to scale
(c) Increasing returns to scale
(d) Positive fixed cost

30. Under monopoly, in the long run, there will be no _____
(a) Normal profits
(b) Supernormal profits
(c) Production
(d) Costs
31. In the long run:
(a) Only demand can change
(b) Only supply can change
(c) Both demand and supply can change
(d) None of these
32. In market, the price output equilibrium is determined by
(a) Total cost curve and total revenue curve
(b) Total cost curve and marginal revenue curve
(c) Marginal cost curve and marginal revenue curve
(d) Only MC curve
33. Economics is the study of:
(a) How society manages its unlimited resources
(b) How to reduce our wants until we are satisfied
(c) How society manages its scarce resources
(d) How to fully satisfy our unlimited wants
34. If demand is _____ then price cuts will _____ spending.
(a) Perfectly inelastic, increase
(b) Elastic, increase
(c) Elastic, decrease
(d) None of the above
35. Utility is not measured by:
(a) Wealth
(b) Price
(c) Satisfaction
(d) Both (a) and (b)
36. The satisfaction which a consumer derives from the consumption of commodity is equal to Rs. 320. The price of that commodity is Rs. 180. What will be his consumer surplus?
(a) 180
(b) 200
(c) 140
(d) 500
37. Consumer is in equilibrium and he keeps purchasing till the point:
(a) Marginal Utility = Price
(b) Marginal Utility = Zero
(c) Marginal Utility = negative
(d) Marginal Utility = Quantity

38. 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 less than accounting profit if resources owned and used by the firm have any opportunity costs.
 - (d) Accounting profit is equal to total revenue less implicit costs.
39. It is assumed in economic theory that
- (a) decision making within the firm is usually undertaken by managers, but never by the owners.
 - (b) the ultimate goal of the firm is to maximise profits, regardless of firm size or type of business organisation.
 - (c) as the firm's size increases, so do its goals.
 - (d) the basic decision making unit of any firm is its owners.
40. 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.
41. Economics is -
- (a) a perfect science
 - (b) not a perfect science
 - (c) not a science at all
 - (d) none of the above
42. Economic laws are-
- (a) Rigid and absolute
 - (b) Subject to specified assumptions
 - (c) Mandatory
 - (d) Strictly enforced by Government
43. An Indifference Curve slopes down towards right, since more of one commodity and less of another result in -
- (a) Same satisfaction
 - (b) Greater satisfaction
 - (c) Maximum satisfaction
 - (d) Decreasing expenditure
44. Period in which supply cannot be increased is called
- (a) Market Period
 - (b) Short Run
 - (c) Long Run
 - (d) None of these
45. Which of the following statements is incorrect?
- (a) Both AP and MP can be calculated from T.P.
 - (b) When AP rises then $MP > AP$
 - (c) When AP is maximum then $MP = AP$
 - (d) When AP falls, MP also falls but $MP > AP$

46. 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
47. The difference between positive and normative Economics is:
- (a) Positive Economics explains the performance of the economy while normative Economics ends 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.
48. Which of the following is not within the scope of Business Economics?
- (a) Capital Budgeting
 - (b) Risk Analysis
 - (c) Business Cycles
 - (d) Accounting Standards
49. A non discriminating monopolist will find that marginal revenue_____
- (a) exceeds average revenue or price
 - (b) is identical to price
 - (c) is sometimes greater and sometimes less than price
 - (d) is less than average revenue or price
50. If Cross Elasticity of Demand = Infinity, it means that the goods are :
- (a) Perfect Complementary Goods
 - (b) Perfect Substitute Goods
 - (c) Unrelated Goods
 - (d) Nothing can be said

Read the following paragraph and answer questions 51-52.

Radhika owns a small pen factory. She can make 1,000 pieces of pen per year and sell them for Rs. 400 each. It cost Radhika Rs. 35,000 for the raw materials to produce the 1,000 pieces of pen. She has invested Rs. 2,00,000 in her factory and equipment : Rs. 1,50,000 from her savings and Rs 50,000 borrowed at 10 percent. (Assume that she could have loaned her money out at 30 percent, too.) Radhika can work at a competing pen factory for Rs. 80,000 per year.

51. The accounting profit at Radhika's pen factory is:
- (a) Rs. 3,00,000
 - (b) Rs. 4,60,000
 - (c) Rs. 3,60,000
 - (d) Rs. 3,75,000
52. The economic profit at Radhika's factory is:
- (a) Rs. 3,50,000
 - (b) Rs. 2,50,000
 - (c) Rs. 2,35,000
 - (d) Rs. 2,40,000

53. Calculate total cost of 4 units.

Units	Total Cost (Rs.)	Marginal Cost (Rs.)
2	80	50
4	–	40

- (a) 140
(b) 120
(c) 160
(d) 40
54. When the perfectly competitive firm and industry are in long run equilibrium then:
(a) $P = MR = SAC = LAC$
(b) $D = MR = SMC = LMC$
(c) $P = MR =$ Lowest point on the LAC curve
(d) All of the above
55. In monopoly, the relationship between average and marginal revenue curves is as follows:
(a) AR curve lies above the MR curve
(b) AR curve coincides with the MR curve
(c) AR curve lies below the MR curve
(d) AR curve is parallel to the MR curve
56. The opportunity cost of a good is
(a) the time lost in finding it
(b) the quantity of other goods sacrificed to get another unit of that good
(c) the expenditure on the good
(d) the loss of interest in using savings
57. Relationship between AR, MR and Price elasticity of demand is
(a) $MR = AR + [e - 1/e]$
(b) $MR = AR \times [e - 1/e]$
(c) $AR = MR \times [e - 1/e]$
(d) $MR = AR \times [e/e - 1]$
58. In perfect competition the firm's _____ above AVC has the identical shape of the firm's supply curve
(a) Marginal revenue curve
(b) Marginal cost curve
(c) Average cost curve
(d) None of the above
59. If the demand curve for good X is downward-sloping, an increase in the price will result in-
(a) A decrease in the demand for good X
(b) No change in the quantity demanded for good X
(c) A larger quantity demanded for good X
(d) A smaller quantity demanded for good X
60. Yesterday, seller A supplied 400 units of a good X at Rs. 10 per unit. Today, seller A supplies 200 units at Rs. 5 per unit. Based on this evidence, seller A has experienced a (an)
(a) Decrease in supply
(b) Increase in supply
(c) Increase in the quantity supplied
(d) Decrease in the quantity supplied

61. Which of the following issues should be considered while analyzing the market?
- (a) Maturity Level of the market
 - (b) Cost Structure of the market
 - (c) Price Sensitivity of the market
 - (d) All of the above
62. Any goods that are stored, delivered and used in its electronic format-
- (a) Consumer Goods
 - (b) Capital Goods
 - (c) Digital Goods
 - (d) None of the above
63. Rate at which the Central Bank in the discharge of its function as Banker's Bank lends to the commercial banks is called-
- (a) Bank Rate
 - (b) Administered Rates
 - (c) Accrued Interest
 - (d) None of the above
64. In India, Foreign Investments is prohibited in:
- (a) Chit Funds
 - (b) Real Estate
 - (c) Cigar manufacturing
 - (d) All of the above
65. 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) Both (a) and (c)
66. Which of the following exhibit characteristic of Business Environment?
- I) Environment is static
 - II) Environment is dynamic
 - III) Environment is complex and multi-faceted
 - IV) It has short term reach
- Options
- (a) Point I & III
 - (b) Point I, II & III
 - (c) Point II & IV
 - (d) Point II & III
67. Which pharmaceutical company has the slogan 'caring for life'?
- (a) Dr. Reddy's
 - (b) Lupin Ltd.
 - (c) Cipla Ltd.
 - (d) Sun Pharmaceutical Industries Ltd.

68. 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
69. FDI in sectors /activities which do not require any prior approval either of the Government or the Reserve Bank of India is identified as:
- (a) Green Channel
 - (b) Priority route
 - (c) Non-Commercial Route
 - (d) Automatic Route
70. Who was the regulatory body for controlling financial affairs in India before SEBI?
- (a) Controller of Capital Issues
 - (b) Reserve Bank of India
 - (c) Insurance Regulatory and Development Authority of India
 - (d) Government of India
71. Commercial Awareness involves knowledge of-
- (a) How business make money
 - (b) What customer want
 - (c) What problems are there in particular areas of business
 - (d) All of the above
72. HUF consists of-
- (a) All persons lineally descended from a common ancestor, including Wives and Unmarried Daughters
 - (b) All persons lineally descended from a common ancestor, except Wives and Unmarried Daughters
 - (c) All male members lineally descended from a common ancestor
 - (d) None of the above
73. Under the income tax Act, A HUF cannot earn income from:
- (a) House property
 - (b) Salary
 - (c) Profits
 - (d) Other Sources
74. _____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.
- (a) Forecasting
 - (b) Assessment
 - (c) Scanning
 - (d) None of the above
75. Business Environment represents_____forces that exert some degree of impact on the business decisions taken by the firm.
- (a) Internal Forces
 - (b) External Forces
 - (c) Financial Forces
 - (d) National Forces

76. Which of the following does not characterize the Business Environment?
- (a) Methods of production
 - (b) Complexity
 - (c) Uncertainty
 - (d) Relativity
77. Which type of enterprise does not have the need to interact with the Environment?
- (a) Small Enterprises
 - (b) Proprietary Firm
 - (c) Micro Enterprises
 - (d) None of the above
78. Procedure of analyzing threats and opportunities of organization's environment is classified as-
- (a) Environmental influences
 - (b) Environmental economics
 - (c) Environmental planning
 - (d) Environmental scanning
79. In external environmental scanning, tax legislations, social security legislations and tax provisions are classified as-
- (a) Geographic influences
 - (b) Government Influences
 - (c) Economic influences
 - (d) Technological advancement
80. The immediate environment with which the firm operates is called-
- (a) Micro Environment
 - (b) Macro Environment
 - (c) External Environment
 - (d) Peripheral Environment
81. What is the kind of response that businesses should make efforts to exploit the opportunity and thought the threats:
- (a) Strategic Responses
 - (b) Least resistance
 - (c) Diversify
 - (d) Simplify
82. External factors in a Business Environment, include-
- (a) Opportunities
 - (b) Threats
 - (c) Both (a) and (b)
 - (d) None of the above
83. _____ Environment is beyond the control of the business.
- (a) Internal
 - (b) External
 - (c) Micro
 - (d) Macro

84. Why is it difficult to understand Environmental Influences?
(a) It has different sub-systems
(b) It cannot be predicted easily
(c) It has a complex frame work
(d) All of the above
85. 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
86. Monetary Policy includes-
(a) Activities and interventions that aim at smooth supply of credit to the business and a boost to trade and industry
(b) Policy in respect of Public Expenditure, Taxation (both Direct and Indirect) and Public Debt.
(c) Regulating the inflow of Foreign Investment in various sector for speeding up industrial development, and related objectives
(d) Increasing exports and bridge the gap between Exports and Imports
87. _____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)
88. _____analysis is a way of scanning the environmental influences that have affected or are likely to affect an organization or its policy-
(a) SWOT
(b) PESTLE
(c) COSMIC
(d) None of the above
89. Who is the Chairmen of L&T Company?
(a) Anil Manibhai Naik
(b) Shankar Raman
(c) I.S. Jha
(d) Vishal Sikka
90. What is incorporation year of ITC?
(a) 1910
(b) 1920
(c) 1912
(d) 1914
91. Who is the CEO of NTPC?
(a) I.S. Jha
(b) K Sreekant
(c) Vishal Sikka
(d) Gurdeep Singh

92. The shares of the company are easily transferable. The shares can be bought and sold in the _____.
(a) Domestic market
(b) Company market
(c) Stock market
(d) Open market
93. Simplification of trade restrictions related to import and export of goods and services is an example of:
(a) Globalization
(b) Privatization
(c) Disinvestment
(d) Aggregation
94. _____ is a course or principle of action adopted or proposed by an organization or individual-
(a) Rule
(b) Procedure
(c) Policy
(d) Strategy
95. Which of the following is an impact of Liberalization?
(a) Divestment
(b) Foreign Direct Investment
(c) Rapid restructuring and reforming of the PSUs
(d) All of the above
96. If current Bank Rate is 10% and RBI decreases it by 20 basis points, the New Rate will be-
(a) 8%
(b) 8.10%
(c) 9.80%
(d) 8.90%
97. Which one of the following is funding institute:
(a) IFCI
(b) RBI
(c) IRDA
(d) SEBI
98. _____ represents the ratio of liquid Assets of Bank to meet liabilities & deposits:
(a) SLR
(b) CRR
(c) Bank rate
(d) None of these
99. _____ is a very wide term that is used in context with financial agreements and contracts.
(a) Account balance
(b) Acceptance
(c) Annuity
(d) Arbitrage

100. Where can the second appeal against SEBI be made?
- (a) High Court
 - (b) Supreme Court
 - (c) Securities Appellate Tribunal
 - (d) RBI

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