

**(GCF-14, GCF-15, GCF-16, GCF-17 & GCF-17-A, VCF-3, VDCF-3)**

DATE: 15.06.2023

MAXIMUM MARKS: 100

TIMING: 2 Hours

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

1. Ans. d  
Explanation:  
Monotonic preferences means consumer always wants maximum satisfaction from one good and without sacrifices of second good.
2. Ans. c  
Explanation:  
At saturation point MU is Zero and TU is maximum so slope of TU curve is Zero.
3. Ans. b  
Explanation:  
Budget line or price line is downward sloping because if a consumer wants to buy more of one good, he has to buy less of other good at given money income.
4. Ans. b  
Explanation:  
Supply and stock are different concept because supply means available for sale & stock means total availability.
5. Ans. b  
Explanation:  
Law of diminishing marginal rate of substitution is associated with ordinal approach so related with Hicks.
6. Ans. c  
Explanation:  
AFC curve is rectangular hyperbola in shape.
7. Ans. c  
Explanation:  
$$MR = AR \times \frac{e-1}{e}$$
$$20 \times \frac{0.25-1}{0.25}$$
$$20 \times \frac{-0.75}{0.25}$$
$$20 \times -3 = -60$$
8. Ans. a  
Explanation:  
$$MR = AR \times \frac{e-1}{e}$$

If demand is elastic means it will be greater than 1 so assume that elasticity is 2.

$$5 \times \frac{2-1}{2}$$

$$5 \times \frac{1}{2} = 2.5$$

So answer is positive.

9.     Ans. a  
       Explanation:  
       In the perfect competition at short run, the firm is a price taker and can sell any amount of output at the on going market price.
10.    Ans. c  
       Explanation:  
       % change in price is  $20/80 \times 100 = 25\%$  and elasticity is 3. So change in demand is 75%, so  $100 \times 75 / 100 = 75$ , so change in demand is 75, so new demand is  $100 - 75 = 25$ .
11.    Ans. a  
       Explanation:  
       Marginal revenue along with marginal cost helps to determine profit maximizing output because condition for profit maximization is  $MR = MC$ .
12.    Ans. b  
       Explanation:  
       Monopolistic competition has features of monopoly and competition with features of competition predominating.
13.    Ans. d  
       Explanation:  
        $TR = TC$  is break even point.
14.    Ans. a  
       Explanation:  
       During an upturn in the business cycle the negative output gap does not become much more negative than it was. This is because of the fact that capacity increases because of the rise in investment.
15.    Ans. a  
       Explanation:  
       According to British economist J.M. Keynes lower aggregate expenditure in the economy was the main cause of massive decline in income and employment during Great Depression of 1930.
16.    Ans. b  
       Explanation:  
       Post war reconstruction will cause pickup in economic activities as the reconstruction pushes up effective demand & in turn employment and income.
17.    Ans. c  
       Explanation:  
       Cost of living increases when business cycle is expanding.
18.    Ans. c  
       Explanation:

The word economics has been derived from a greek word.

19.    Ans. c  
      Explanation:  
      Since unregulated market is also called free market.
20.    Ans. a  
      Explanation:  
      Time element was given by Alfred Marshall.
21.    Ans. c  
      Explanation:  
      Elasticity at the middle of demand curve is equal to unity.
22.    Ans. a  
      Explanation:  
      Supply is inversely related to its cost of production because cost of production increases then supply decreases.
23.    Ans. c  
      Explanation:  
      In case of inferior goods relation between income and demand is inverse and all giffen goods are inferior.
24.    Ans. c  
      Explanation:  
      Consumer gains extra utility or surplus, Consumer surplus for the last commodity is zero.
25.    Ans. a  
      Explanation:  
      When increase in demand is equal to increase in supply and equilibrium price remains constant, then equilibrium quantity Increases.
26.    Ans. b  
      Explanation:  
      When the firm is at a equilibrium then  $MR = MC$  and MC Curve cuts the MR curve from below.
27.    Ans. c  
      Explanation:  
      Kinked demand curve is Highly elastic at above the prevailing price, Inelastic at below the prevailing price.
28.    Ans. b  
      Explanation:  
      In monopoly there are strong barriers to entry.
29.    Ans. a  
      Explanation:  
      Price discrimination is possible only in Monopoly.
30.    Ans. c

Explanation:

Market consists of Buyer and seller, One Price for one product at a given time.

31. Ans. a

Explanation:

During an upturn in the business cycle the negative output gap does not become much more negative than it was. This is because of the fact that Capacity increases because of the rise in investment.

32. Ans. a

Explanation:

Indifference curves slope downward left to right because  $MRS_{xy}$  always decreases.

33. Ans. c

Explanation:

Production function refers to the physical relationship between input & output.

34. Ans. a

Explanation:

The cost incurred for the welfare of society, is known as social cost.

35. Ans. a

Explanation:

Opportunity cost is concerned with the cost of foregone opportunity.

36. Ans. a

Explanation:

Population increases greater than economic growth then Lesser savings → Lower investment → Low income & employment → Low effective demand → Overall slowdown in economic activities.

37. Ans. a

Explanation:

Cost of living increases when business cycle is at peak.

38. Ans. a

Explanation:

Total Accounting Cost is

(i) Cost of Raw Materials = 20,000

(ii) Interest of Capital = 5,000

Total = 25,000

39. Ans. b

Explanation:

Economic Cost = Accounting Cost + Implicit Cost + Opportunity Cost

So  $25,000 + 5,000 + 40,000 = 70,000$

40. Ans. d

Explanation:

Accounting Profit = TR – Accounting Cost

So  $1,00,000 - 25,000 = 75,000$

41. Ans. d  
Explanation:  
Economic Profit = TR – Economic Cost  
 $1,00,000 - 70,000 = 30,000$
42. Ans. a  
Explanation:  
Since labour doesn't have previous accumulated capital hence he has weak bargaining power.
43. Ans. a  
Explanation:  
Since TFC is there even if the firm's output is zero.
44. Ans. a  
Explanation:  
 $ATC = \frac{TC}{Q} = \frac{44}{3} = 14.66$
45. Ans. a  
Explanation:  
 $MC = \frac{\Delta TC}{\Delta Q} = \frac{4}{1} = 4$
46. Ans. b  
Explanation:  
 $TFC + TVC = TC$   
 $20 + 34 = 54$
47. Ans. c  
Explanation:  
 $AVC = \frac{TVC}{Q} = \frac{28}{4} = 7$
48. Ans. a  
Explanation:  
Price discrimination is a situation when a producer Charges different prices in different markets.
49. Ans. a  
Explanation:  
If oligopolists engage in collusion and successfully form a cartel, the market outcome is the same as if it were served by a monopoly.
50. Ans. c  
Explanation:  
Normative statment is related to value judgement so the statements which have what should be, what ought to be is related to normative statement.
51. Ans. b  
Explanation:

An isoquant slopes always downward to the right.

52.    Ans. c  
      Explanation:  
      Consumer stops purchasing the additional units of the commodity when marginal utility is equal to marginal utility of money.
53.    Ans. d  
      Explanation:  
      In perfect competition firm has no control over price and production.
54.    Ans. c  
      Explanation:  
      The demand curve facing an industrial firm under monopoly is downward sloping.
55.    Ans. d  
      Explanation:  
      Price discrimination is not possible under perfect competition.
56.    Ans. a  
      Explanation:  
      The kinked demand curve model of oligopoly assumes that response to a price increase is less than the response to a price decrease.
57.    Ans. d  
      Explanation:  
      The law of scarcity implies that consumers wants will never be completely satisfied.
58.    Ans. d  
      Explanation:  
      The producer is in equilibrium at a point where the cost line is tangent to isoquant.
59.    Ans. d  
      Explanation:  
      The opposite of a trough is a peak.
60.    Ans. c  
      Explanation:  
      Monetary Policy is related to interest rate.
61.    Ans. b  
      Explanation:  
      Profession requires rendering of services based upon specialised knowledge and membership of an accreditation and assessment body.
62.    Ans. d  
      Explanation:  
      All of the above is required for Sustainable Development.
63.    Ans. d  
      Explanation:  
      The Indian Companies Act provides for the registration of all of the above.

64.     Ans. b  
Explanation:  
The occupation in which people work for others and get remunerated in return is known as Employment.
65.     Ans. b  
Explanation:  
Study of human population is called as demographic environment.
66.     Ans. c  
Explanation:  
Marketing, Finance, Operations, Human Behaviour, Law and Policy, Economics, all together derive in BCK is Eclectic.
67.     Ans. a  
Explanation:  
Srinivasan Vaidyanathan is the present CFO of HDFC Bank.
68.     Ans. c  
Explanation:  
Infosys headquarter is at Bengaluru.
69.     Ans. c  
Explanation:  
Supratim Dutta is the present CFO of ITC Group.
70.     Ans. a  
Explanation:  
Mukesh Ambani is the present CEO of Reliance Industries.
71.     Ans. a  
Explanation:  
Rishad Premji is the present Chairman of Wipro Limited.
72.     Ans. a  
Explanation:  
Ravisankar Ganesan is the CFO of Power Grid Corporation of India Ltd.
73.     Ans. a  
Explanation:  
SEBI Northern Regional Office is at New Delhi.
74.     Ans. b  
Explanation:  
The RBI has been vested with extensive power to control and supervise commercial banking system under The Reserve Bank of India Act, 1934.
75.     Ans. d  
Explanation:  
IRDAI was constituted in 2000.
76.     Ans. a  
Explanation:

IFCI is converted into a Non-Banking Finance Company.

77.    Ans. d  
      Explanation:  
      Imposition of clearances and approvals is not attributable to Facilitative/  
      Developmental policies.
78.    Ans. c  
      Explanation:  
      FDI limit is not same for all sectors in India.
79.    Ans. c  
      Explanation:  
      Disposable income is not related to monetary policy.
80.    Ans. d  
      Explanation:  
      Conservation of natural resources is not an economic objective of the firm.
81.    Ans. A  
      Explanation:  
      Transfer of Interest exists in Business.
82.    Ans. B  
      Explanation:  
      Earning livelihood is the psychological motive of employment.
83.    Ans. a  
      Explanation:  
      Highest Price the buyer is willing to pay is called Bid.
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:  
      Free and fair competition ensures all, except Boosts fixed choice preferences of  
      customers.



89. Ans. b  
Explanation:  
A free allotment of shares made in proportion to existing shares out of accumulated reserves is called Bonus.
90. Ans. a  
Explanation:  
Setting low prices in order to discourage or deter potential new entrants to the suppliers market is called Pre-Emptive Pricing.
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. d  
Explanation:  
Self Help Groups are catered specifically by NABARD.
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:  
The constitution of Competition Commission of India is A chairperson and 6 other members appointed by the Central Government.

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