

(GCF-1, 3, 4, 5, 6, 7+7A, 8+8A, 9, 10, 11, 12, 13 & 14, VCF-1, 2, 3 & 4, ACF-1, 2, 3, 4 & 5, JCF-1 & 3, DCF-1, 3, 4, 5, 6, 7 & 8, DRIVE-1 & 2)

DATE: 20.11.2023

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. a
 Explanation:
 Horizontal Line, parallel to X Axis because in perfect competition always $MR=AR$.
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:
After the point of inflexion total production increases at decreasing rate.
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 $\frac{\% \text{ change in } Q_d}{\% \text{ change in Price}} = \frac{50\%}{50\%} = 1$
and they are opposite in direction hence -1.
31. Ans. a
Explanation:
$$MC = \frac{\Delta TC}{\Delta Q} = \frac{2}{1} = 2$$
32. Ans. c
Explanation:
$$AVC = \frac{TVC}{Q} = \frac{78}{9} = 8.66$$
33. Ans. b
Explanation:

$$AFC = \frac{TFC}{Q} = \frac{10}{4} = 2.5$$

34. Ans. b

Explanation:

$$ATC = \frac{TC}{Q} = \frac{120}{10} = 12$$

35. Ans. a

Explanation:

$$\begin{aligned}TVC &= TC - TFC \\66 - 10 &= 56 \text{ (TVC)}\end{aligned}$$

36. Ans. b

Explanation:

Oikonomia means household.

37. Ans. a

Explanation:

In the Year 1776.

38. Ans. a

Explanation:

Exploitation of labour is a disadvantage allocating resources using the market system.

39. Ans. a

Explanation:

Capital intensive technique would not chosen in a labour surplus economy.

40. Ans. d

Explanation:

MR=AR is a straight line.

41. Ans. c

Explanation:

Administered prices is determined by government.

42. Ans. c

Explanation:

Supply curve is always upward to right not left.

43. Ans. b

Explanation:

Since due to adverse climatical conditions supply decreases.

44. Ans. d

Explanation:

$$\frac{300 - 400}{300 + 400} \times \frac{40 + 50}{40 - 50}$$

$$\frac{100}{700} \times \frac{90}{10} = \frac{9}{7} = 1.2$$

45. Ans. c
Explanation:
Decrease in the demand is related to effect of other factor.
46. Ans. d
Explanation:
$$\frac{800 - 1400}{800 + 1400} \times \frac{1000 + 2000}{1000 - 2000}$$
$$\frac{600}{2200} \times \frac{3000}{1000} = \frac{18}{12} = 0.81$$
47. Ans. a
Explanation:
Price and Supply have direct relation.
48. Ans. a
Explanation :
Since whenever the price rises there is contraction in Q.D. and whenever the price falls there is expansion in Q.D.
49. Ans. c
Explanation:
Only one buyer is not related to oligopoly.
50. Ans. c
Explanation:
Cardinal approach is marginal utility analysis.
51. Ans. b
Explanation:
According to Prof. Marshall utility is measured by utils.
52. Ans. d
Explanation:
This statement is related to law of D.M.V.
53. Ans. c
Explanation:
When MU = Price
54. Ans. c
Explanation:
People is not a part of 4 P of marketing.
55. Ans. b
Explanation:
It represents II stage. Because in stage II there is optimum utilisation of fixed factors.

56. Ans. b
 Explanation:
 Iso means equal.
57. Ans. b
 Explanation:
 If AR is less than AC but greater than AVC then firm should continue.
58. Ans. b
 Explanation:
 A Rational Producer always produce in stage II.
59. Ans. b
 Explanation:
 This is simple case of I.R.S.
60. Ans. a
 Explanation:
 Because in case of perfect substitute goods, MRS_{xy} is constant.
61. Ans. b
 Explanation:
 Business Environment represents all external forces, factors of conditions that exert some degree of impact on the business decisions, strategies and actions taken by the Firm.
62. Ans. d
 Explanation:
 The underlying purpose of these activities is not earning of a livelihood but social, psychological or spiritual satisfaction.
63. Ans. a
 Explanation:
 Internal factors affecting a business environment is also referred to as Controllable factors.
64. Ans. d
 Explanation:
 External factors affecting a business environment is also referred to as Uncontrollable factors.
65. Ans. a
 Explanation:
 FDI is better for economy.
66. Ans. c
 Explanation:
 Delegation is the form of privatization, where government keeps hold of responsibility and private enterprise handles the management of it fully or partly.
67. Ans. c
 Explanation:
 1 member of SEBI should be from RBI.

68. Ans. d
Explanation:
External Affairs is not related to SIDBI.
69. Ans. a
Explanation:
the effect a change in price will have on customers is price sensitivity.
70. Ans. a
Explanation:
According to Peter Drucker aim of the business is to create and retain customer.
71. Ans. b
Explanation:
SWOT refers to Strength, Weakness, Opportunity, Threat.
72. Ans. d
Explanation:
All statement is related to PESTLE.
73. Ans. a
Explanation:
Change of customer's liking from only foods to healthy packaged foods can be classified as Trend.
74. Ans. d
Explanation:
CRR and SLR is not related to funds transfer in banks.
75. Ans. d
Explanation:
A very large loan extended by a group of small banks to a single corporate borrower is called as Syndicated Loan.
76. Ans. c
Explanation:
Vision is a road map of company's future.
77. Ans. b
Explanation:
Risk is a probable chance that investments' actual returns will be reduced than as calculated.
78. Ans. b
Explanation:
To become Amazon of India is Vision of flipkart.
79. Ans. c
Explanation:
Headquarters of ONGC is at Uttarakhand.
80. Ans. d
Explanation:

In 1937 Central Office of RBI is moved to Mumbai.

81. Ans. b
 Explanation:
 Puneet Sharma is the C.F.O. of Axis Bank.
82. Ans. a
 Explanation:
 Walmart Rank 1st in Fortune 500 Companies List 2023.
83. Ans. c
 Explanation:
 A change in the Environment May be an opportunity to some and threat to some other Firms.
84. Ans. c
 Explanation:
 Repo rate is rate at which bank borrow money from RBI.
85. Ans. a
 Explanation:
 A stock that provides a constant dividends and stable earnings even in the periods of economic downturn is called defensive stock.
86. Ans. b
 Explanation:
 Combination of two or more entities that occurs when the entities transfer all their net assets to new entity created for that purpose is called consolidation.
87. Ans. c
 Explanation:
 Effective use of social media for marketing is Opportunity.
88. Ans. d
 Explanation:
 (a), (b) and (c) options all are Interactions with Environment.
89. Ans. b
 Explanation:
 Static is not a characteristic of business environment.
90. Ans. c
 Explanation:
 Macro Environment includes opportunity.
91. Ans. c
 Explanation:
 Cost Structure of an industry is effected by suppliers own bargaining power.
92. Ans. c
 Explanation:
 Opportunity is favourable condition.
93. Ans. c

Explanation:
Sanjiv Puri is the Chairman of ITC Ltd.

94. Ans. d
 Explanation:
 Monitoring the Environment, Identifying the factors or Capacity to develop effective responses are the pre-requisites for a Firm to respond to the External Environment.
95. Ans. c
 Explanation:
 In external environmental scanning, interest rates, cycle of recessions and inflation are classified as economic influences.
96. Ans. a
 Explanation:
 Strategic Responses a business should make efforts to exploit the opportunity and reduce the threats.
97. Ans. a
 Explanation:
 Economic policies during Mid-fifties to Eighties restricted the entry of multinational corporations in India is an example of Protective Policies.
98. Ans. c
 Explanation:
 Life blood of business is Finance.
99. Ans. d
 Explanation:
 Business accelerator helps a budding business to quickly launch a product.
100. Ans. c
 Explanation:
 MRTP act comes under Restrictive policy.

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