

MTP COMPILER

**ECO & BCK MTPs of
CA Foundation
up to December 2023**

TABLE OF CONTENTS

TOPIC	PAGE
AUGUST 2018	1
MARCH 2018	28
OCTOBER 2018	40
NOVEMBER 2018	60
MARCH 2019	79
OCTOBER 2019	99
MAY 2020	117
OCTOBER 2020	135
APRIL 2021	155
MARCH 2021	173
NOVEMBER 2021	191
OCTOBER 2021	210
MARCH 2022	229
JUNE 2022	245
NOVEMBER 2022	262
NOVEMBER 2022	279
APRIL 2023	296
MAY 2023	314
NOVEMBER 2023	331



Test Series: August, 2018

FOUNDATION COURSE
MOCK TEST PAPER - 1
PAPER – 4: PART I : BUSINESS ECONOMICS

**Q
U
E
S
T
I
O
N
S**

Max. Marks : 60

- Price-taking firms, i.e., firms that operate in a perfectly competitive market, are said to be “small” relative to the market. Which of the following best describes this smallness?
 - The individual firm must have fewer than 10 employees
 - The individual firm faces a downward-sloping demand curve
 - The individual firm has assets of less than Rs. 20 lakh
 - The individual firm is unable to affect market price through its output decisions
- The average product of labour is maximized when marginal product of labour
 - Equal the average product of labour
 - Equals zero
 - Is maximized
 - None of the above
- Suppose that a sole proprietorship is earning total revenues of Rs. 100,000 and is incurring explicit costs of Rs. 75,000. If the owner could work for another company for Rs. 30,000 a year, we would conclude that:
 - The firm is incurring an economic loss of Rs. 5,000
 - Implicit costs are Rs. 25,000
 - The total economic costs are Rs. 100,000
 - The individual is earning an economic profit of Rs. 25,000
- Which of the following statements would you consider to be a normative one?
 - Faster economic growth result if an economy has a higher level of investment
 - Changing the level of interest rates is a better way of managing the economy than using taxation and government expenditure.
 - Higher levels of unemployment will lead to higher levels of inflation
 - The average level of growth in the economy was faster in the 1990s than the 1980s
- Consumer surplus is highest in the case of :
 - Necessities
 - Luxuries



- (c) Comforts
 - (d) Conventional necessities
6. If one unit of labour and one unit of capital give 200 units of output, two units of labour and two units of capital give 400 units of output and 5 units of labour and five units of capital give 1000 units of output then this is a case of:
- (a) Constant returns of scale



- (b) Increasing returns to scale
(c) Decreasing returns to scale
(d) None of these
7. pair of commodities is an example of substitutes.
- (a) Coffee and milk
(b) Diamond and cow
(c) Pen and ink
(d) Mustard oil and coconut oil
8. If increasing air fares increases revenues and decreasing them decreases revenues, then the demand for air travel has a price elasticity of:
- (a) Zero
(b) Greater than zero but less than one
(c) One
(d) Greater than one
9. If a good is a luxury, its income elasticity of demand is
- (a) Positive and less than 1
(b) Negative but greater than -1
(c) Positive and greater than 1
(d) Zero
10. In the case of a Giffen good, the demand curve will be
- (a) Horizontal
(b) Downward-sloping to the right
(c) Upward-sloping to the right
(d) Vertical
11. expressed the view the "Economics is neutral between end".
- (a) Robbins
(b) Marshall
(c) Pigou
(d) Adam Smith
12. The law of demand refers to _____ .
- (a) Price-supply relationship
(b) Price-cost relationship
(c) Price-demand relationship
(d) Price-income relationship
13. In monopolistic competition, a firm is in long run equilibrium _____ .
- (a) At the minimum point of the LAC curve



- (b) In the declining segment of the LAC curve
(c) In the rising segment of the LAC curve
(d) When price is equal to marginal cost
14. Production may be defined as an act of _____ .
(a) Creating utility
(b) Earning profit
(c) Destroying utility
(d) Providing services
15. The sale of branded articles is common in a situation of _____
(a) Excess capacity
(b) Monopolistic competition
(c) Monopoly
(d) Pure competition
16. The cost that firm incurs in hiring or purchasing any factor of production is referred to as _____ .
(a) Explicit cost
(b) Implicit cost
(c) Variable cost
(d) Fixed cost
17. The law of consumer surplus is based on:
(a) Indifference curve analysis
(b) Revealed preference theory
(c) Law of substitution
(d) The law of diminishing marginal utility
18. The MC curve cuts the AVC and ATC curves
(a) At the falling part of each
(b) At different points
(c) At their respective minimas:
(d) At the rising part of each
19. Which of the following market situations explains marginal cost equal to price for attaining equilibrium?
(a) Perfect competition
(b) Monopoly
(c) Oligopoly
(d) Monopolistic competition
20. A monopolist who is selling in two markets in which demand is not identical will be unable to maximize his profits unless he



- (a) Sells below costs of production in both markets
 (b) Practices price discrimination.
 (c) Equates the volume of sales in both markets.
 (d) Equates marginal costs with marginal revenue in one market only.
21. Which of the following is not micro - economic subject matter?
- (a) The price of apples.
 (b) The cost of producing a fire truck for the fire department of Delhi, India
 (c) The quantity of apples produced for the apple market.
 (d) The national economy's annual rate of growth.
22. Which of the following is correct?
- (a) Normative economics is not concerned with value judgment.
 (b) A market is a process that reconciles consumer decision, production decisions and labour decisions.
 (c) A mixed economy has a certain level of government intervention in the economy along with private sector ownership of the economy.
 (d) Both (b) and (c)
23. 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.
24. You are given the following data:

Table

Output	Total Costs
0	0
1	15
2	30
3	45
4	60
5	75

- (a) Constant returns to scale.
 (b) Decreasing returns to scale.
 (c) Increasing returns to scale.
 (d) Globalization.
25. When a market is in equilibrium:
- (a) No shortages exist.



- (b) Quantity demanded equals quantity supplied.
- (c) A price is established that clears the market.
- (d) All of the above are correct.

Read table 1 and answer questions 26-30

Table 1

Labour Input	Output	Average Product	Marginal Product
0	0	-	-
2			25
	90		
6	120		
8	140		
10		14	
12		10	

26. At a labour of 2, output is:
- (a) 25
 - (b) 30
 - (c) 50
 - (d) 75
27. At a labor input of 4, output per worker is:
- (a) 20
 - (b) 22.5
 - (c) 45
 - (d) 90
28. At a labour input of 6, the marginal product of labour is:
- (a) 120
 - (b) 20
 - (c) 15
 - (d) 10
29. Output per worker is maximized at a labour input of:
- (a) 2
 - (b) 4
 - (c) 6
 - (d) 8
30. The firm's output is at a short run maximum at a labour input of:



- (a) 6
(b) 10
(c) 12
(d) 2
31. Which of the following is incorrect?
- (a) The cross elasticity of demand for two substitutes is positive.
(b) The income elasticity of demand is the percentage change in quantity demanded of a good due to a change in the price of a substitute.
(c) The cross elasticity of demand for two complements is negative.
(d) The price elasticity of demand is always negative, except for Giffen goods.
32. Which of the following situation does not lead to an increase in equilibrium price?
- (a) An increase in demand, without a change in supply
(b) A decrease in supply accompanied by an increase in demand
(c) A decrease in supply without a change in demand
(d) An increase in supply accompanied by a decrease in demand
33. I am making a loss, but with the rent I have to pay. I can't afford to shut down at this point of time." If this entrepreneur is attempting to maximize profits or minimize losses, his behaviour in the short run is:
- (a) Rational, if the firm is covering its variable cost
(b) Rational, if the firm is covering its fixed cost
(c) Irrational, since plant closing is necessary to eliminate losses
(d) Irrational, since fixed costs are eliminated if a firm shuts down
34. The law of diminishing returns:
- (a) States that beyond some level of a variable input, the average product of that variable input begins to increase steadily.
(b) Assumes that there is technological improvement over time.
(c) States that beyond some level of a variable input, the marginal product of that variable begins to decrease steadily.
(d) Informs a firm whether or not to use a factor input.

A Competitive firm sells as much as of its product as it chooses at a market price of Rs. 200 per unit. Its fixed cost is Rs. 600 and its variable costs (in rupees) for different levels of production are shown in the following table.

Use Table to answer questions 35 to 39:

Quantity	Variable Cost	Fixed Cost	Total Cost	Average Variable Cost	Average Total Cost	Marginal Cost
0	0			-	-	-
5	500					



10	940					
15	1400					
20	1960					
25	2700					
30	3700					

35	5040					
40	6800					
45	9060					
50	11900					

35. When production is 40 units, the average total cost is
- Rs. 8.80
 - Rs. 15
 - Rs. 170
 - Rs. 185
36. In the table marginal cost per unit that corresponds to 40 units of production is
- Rs. 44
 - Rs. 170
 - Rs. 352
 - Rs. 1760
37. to maximize profit, the firm should produce
- 15 units
 - 30 units
 - 35 units
 - 50 units
38. If the market price drops from Rs. 200 to Rs. 112, the firm's short run response should be
- Shut down
 - Produce 5 units
 - Produce 20 units
 - Continue to produce the same number of units as before the drop in price.
39. If the market price rises form Rs. 200 to Rs. 352, the firm's short run response should be
- Shut down
 - Produce 40 units
 - Produce 20 units



- (d) Continue to produce the same number of units as before the increase in price.
40. If the quantity of blankets demanded increases from 4600 to 5700 in response to a decrease in their price from Rs. 220 to Rs. 190, the price elasticity of demand for blankets is
- 0.69
 - 1.0
 - 1.46
 - 2.66
41. Which of the following involve a trade - off?
- Taking a nap
 - All of these answers involve trade-offs.
 - Watching a football game on Saturday afternoon
 - Going to university
42. If an increase in the price of blue jeans leads to an increase in the demand for tennis shoes, then blue jeans and tennis shoes are _____
- Complements.
 - Inferior goods
 - Normal goods.
 - Substitutes.
43. Suppose you find Rs. 2000. If you choose to use Rs. 2000 to go to a cricket match, your opportunity cost of going to the game is _____.
- Nothing, because you found the money
 - Rs. 2000 (because you could have used Rs. 2000 to buy other things) plus the value of your time spent at the game.
 - Rs. 2000 (because you could have used Rs. 2000 to buy other things) plus the value of your time spent at the game, plus the cost of the dinner you purchased at the game.
 - Rs. 2000 (because you could have used Rs. 2000 to buy other things).
44. Suppose consumer tastes shift toward the consumption of apples. Which of the following statements is an accurate description of the impact of this event on the market for apples?
- There is an increase in the quantity demanded of apples and in the supply for apples
 - There is an increase in the demand and supply of apples.
 - There is an increase in the demand for apples and a decrease in the supply of apples.
 - There is an increase in the demand for apples and an increase in the quantity supplied.
45. If there are implicit costs of production:
- Economic profit will be equal to accounting profit.
 - Economic profit will be less than accounting profit.
 - Economic profits will be zero
 - Economic profit will be more than accounting profit.



46. If a competitive firm doubles its output, its total revenue:
- (a) Doubles.
 - (b) More than doubles.
 - (c) Less than doubles.
 - (d) Cannot be determined because the price of the good may rise or fall.
47. In which of the following market system, there, are few sellers in the market in the market selling similar or differentiated product?
- (a) Perfect Competition
 - (b) Monopoly
 - (c) Oligopoly
 - (d) Monopsony
48. Which of the following statements about price and marginal cost in competitive and monopolized markets is true?
- (a) In competitive markets, price equals marginal cost; in monopolized markets, price exceeds marginal cost.
 - (b) In competitive markets, price equals marginal cost; in monopolized markets, price equals marginal cost.
 - (c) In competitive markets, price exceeds marginal cost; in monopolized markets, price exceeds marginal cost.
 - (d) In competitive markets, price exceeds marginal cost; in monopolized markets, price equals marginal cost.
49. In the case of an inferior good the income elasticity of demand is:
- (a) Positive
 - (b) Zero
 - (c) Negative
 - (d) Infinite
50. Elasticity of supply refers to the degree of responsiveness of supply of a good to changes in its:
- (a) Demand
 - (b) Price
 - (c) Costs of production
 - (d) State of technology
51. An isoquant slopes:
- (a) Downward to the left
 - (b) Downward to the right
 - (c) Upward to the left
 - (d) Upward to the right



52. Which of the following statement is incorrect?
- (a) Even monopolist can earn losses
 - (b) Firms in a perfectly competitive market are price takers.
 - (c) It is always beneficial for a firm in the perfectly competitive market to discriminate prices
 - (d) Economic laws are exact than the laws of physical sciences
53. Which is the other name that is given to the demand curve?
- (a) Profit curve
 - (b) Average Revenue curve
 - (c) Average Cost Curve
 - (d) Indifference Curve
54. The second slice of bread gives less satisfaction to a hungry boy. This is a clear case of:
- (a) Law of demand
 - (b) Law of diminishing returns
 - (c) Law of diminishing utility
 - (d) Law of supply
55. A firm's average total cost is Rs. 300 at 5 units of output and Rs. 320 at 6 units of output the marginal cost of producing the 6th unit is:
- (a) Rs. 20
 - (b) Rs. 120
 - (c) Rs. 320
 - (d) Rs. 420
56. Which of the following is an example of an "explicit cost"?
- (a) The wages a proprietor could have made by working as an employee of a large firm
 - (b) The income that could have been earned in alternative uses by the resources owned by the firm
 - (c) The payment of wages by the firm
 - (d) The normal profit earned by a firm
57. Which of the following is an example of coincident indicator?
- (a) Industrial Production
 - (b) Inflation
 - (c) Retail Sales
 - (d) New orders for Plant and equipment
58. When aggregate economic activity is increasing, the economy is said to be in
- (a) Expansion
 - (b) Contraction
 - (c) Peak
 - (d) A turning point.



59. If a fisherman must sell all of his daily catch before its spoils for whatever price he is offered, once the fish are caught the fisherman's price elasticity of supply for fresh fish is
- (a) Zero
 - (b) Infinite
 - (c) One
 - (d) Unable to determine
60. Suppose onions have (-) 0.5 as income elasticity, we can say from the data given that,
- (a) Onions are inferior goods
 - (b) Onions are superior goods
 - (c) Onions are necessities
 - (d) There is a need to increase the income of consumers so that they can buy onions.



Test Series: August, 2018

FOUNDATION COURSE

MOCK TEST PAPER - 1

PAPER – 4: PART II: BUSINESS AND COMMERCIAL KNOWLEDGE

**QUEST
IONS**

Max. Marks: 40

1. Find out the incorrect:
 - (a) Economic Activities are drive by nationality.
 - (b) Economic Activities are guided by self interest.
 - (c) Non-Economic Activities are driven by emotional or sentimental force.
 - (d) Non-Economic Activities are not at all important in life.
2. SWOT refers to:
 - (a) Strength, Worry, Option, Threat
 - (b) Strength, Weakness, Opportunity, Threat
 - (c) Strong, Weak, Option, Threat
 - (d) Strong, Weakness, Opportunity, Think
3. Which one of the following is NOT a FMCG company?
 - (a) ITC
 - (b) Dabour
 - (c) HUL
 - (d) Maruti
4. Mark incorrect as Globalization refers to:
 - (a) Encouraging regional economic cooperation.
 - (b) Integrating the world into one economic global village.
 - (c) It pares the way for higher factor mobility.
 - (d) Drawing countries out of their insulation.
5. Which of the following is NOT a function of RBI?
 - (a) Monopoly of Note issue
 - (b) Banker to the Government
 - (c) Advancing loan to large business houses
 - (d) Controller of Credit
6. Which of the following is incorrect?



- (a) Arbitrage is simultaneous purchase and sale of a commodity.
 - (b) Current assets are those which can be turned into cash within a year.
 - (c) Intangible assets are those which do not have physical form. They are in the form of rights.
 - (d) Break-even point is also called an optimum point of a firm.
7. Maximum number of members in a Private Limited Company are:
- (a) 50
 - (b) 200
 - (c) 20
 - (d) 500
8. Environmental Analysis helps in:
- (a) Providing input for strategic decision making
 - (b) Turning threats to firm's advantage
 - (c) Anticipate opportunities and to take optimal responses
 - (d) All of the above
9. Which one of the following is NOT a Foreign Company?
- (a) Dr. Reddy's Laboratories Ltd.
 - (b) Walmart
 - (c) Nestle
 - (d) HP
10. Privatization may NOT be conceptualized in form of:
- (a) Divestment
 - (b) Disinvestment
 - (c) Dedication
 - (d) Displacement
11. Which one of the following is NOT a SEBI function as one body?
- (a) Quasi-legislative
 - (b) Quasi-judicial
 - (c) Quasi-fiscal
 - (d) Quasi-executive
12. ADR stands for:
- (a) American Deficit Record
 - (b) American Depository Receipt
 - (c) Asset Depreciation Record



- (d) Asset Depository Receipt
13. Which of the following is NOT an economic objective of the firm?
- (a) Sales growth
 - (b) Improvement in market share
 - (c) Profits and return on investment
 - (d) Conservation of natural resources
14. In the PEST framework for environmental analysis, what does the letter 'E' stand for?
- (a) Ecological
 - (b) Economic
 - (c) Ethical
 - (d) Educational
15. Who is the present CFO of Adani Ports and Special Economic Zone Ltd.?
- (a) Ravi Bhamidipaty
 - (b) Karan Gautambhai Adani
 - (c) Alok Kumar Agarwal
 - (d) Farokh Nariman Subedar
16. Which of the following institutions has been scrapped recently?
- (a) Minerals and Metals Regulatory Commission
 - (b) Coal India Limited
 - (c) Planning Commission
 - (d) FIPB
17. Which of the following is a direct beneficiary of IFCI?
- (a) Agro-based industry
 - (b) Service industry
 - (c) Capital & intermediate goods industry
 - (d) All of the above
18. Risk is a probable chance that investments' actual returns will be _____ than as calculated.
- (a) Increased
 - (b) Reduced
 - (c) Equal
 - (d) None of the above
19. Find out the incorrect:
- (a) Sole proprietor is a business unit having unlimited liability



- (b) LLP firm may be constituted
(c) HUF business may be formed by a group of people who do not belong to family
(d) Hindu includes Buddha, Jain, Sikh, Parsi families
20. Mark incorrect: Partnership implies
- (a) Contractual ownership of business
(b) Liability of partner is limited to the extent of one's share capital
(c) The contract is an agreement enforceable at law is called deed
(d) Deed may be registered in India under the Partnership Act, 1932
21. Mark the correct:
- (a) Tata Sons is a holding company
(b) Infosys, Wipro and TCS are IT companies
(c) Flipkart, Amazon, Myntra are online trading companies
(d) All of the above are correct
22. Find out the correct:
- (a) For sustainable economic development, FII is more preferable to FDI.
(b) FDI has strong speculative effect in equity market.
(c) In India, permission for FDI is not uniform for all sectors.
(d) FDI is usually done to reap short term gains.
23. SIDBI does not function as a Nodal/ Implementing Agency to which ministry of the Government:
- (a) Ministry of textiles
(b) Ministry of Food Processing and industry
(c) Ministry of Commerce and Industry
(d) Ministry of External Affairs
24. Four P's of Marketing are:
- (a) Product
(b) Price
(c) Place
(d) Procedure
25. A partnership may NOT be formed to carry on:
- (a) Any trade
(b) Occupation



- (c) Profession
(d) Social enterprise
26. Relationship between organisation and environment can be described through:
- (a) Exchange of information
(b) Exchange of resources
(c) Exchange of influence and power
(d) All of the above
27. American Express was ranked the 17th most admired company by Fortune in which year?(a)
2014
(b) 2015
(c) 2016
(d) 2017
28. The form of privatization, where government keeps hold of responsibility and private enterprise handles the management of it fully or partly is known as:
- (a) Disinvestment
(b) Deregulation
(c) Delegation
(d) Decentralization
29. Where is the head office of NABARD?
- (a) Mumbai
(b) Delhi
(c) Gurugram
(d) Bengaluru
30. What is a bull market?
- (a) A market in which the stock prices are increasing consistently.
(b) A market in which the stock prices are decreasing consistently.
(c) A market in which the stock prices are stable over a long time.
(d) None of the above
31. A HUF cannot comprise members of a:
- (a) Hindu & Sikh family
(b) Parsi family
(c) Buddhist family
(d) Muslim family



32. The term PESTLE analysis is used to describe a framework for analyzing:
- (a) Macro Environment
 - (b) Micro Environment
 - (c) Both Macro and Micro Environment
 - (d) None of above
33. Indane LPG is the product of which corporation in India?
- (a) IOCL
 - (b) NTPC
 - (c) ONGC
 - (d) PGCIL
34. Simplification of trade restrictions related to import is an example of:
- (a) Globalization
 - (b) Privatization
 - (c) Disinvestment
 - (d) Aggregation
35. The RBI has been vested with extensive power to control and supervise commercial banking system under the-
- (a) Reserve Bank of India Act, 1934
 - (b) The Banking Regulation Act, 1949
 - (c) Both (a) and (b)
 - (d) The Companies Act, 2013
36. is a strategy that is used to minimize the risk of a particular investment and maximize the returns of an investment.
- (a) Cap
 - (b) Encryption
 - (c) Hedge
 - (d) Term insurance
37. Which one is NOT a part of environmental scanning?
- (a) Identify opportunities & threats affecting business.
 - (b) It takes events, trends, issues and expectations in the consideration.
 - (c) It is done by government to know if the firm is engaged in any anti national activity.
 - (d) It helps in formulating future path of the firm.
38. Identify the sector where, FDI is NOT permitted:



- (a) Automobile
(b) Infrastructure
(c) Textile
(d) Atomic energy
39. How many members of SEBI should be from RBI?
(a) 4
(b) 3
(c) 1
(d) 2
40. A portion of the after-tax profits paid out to the owners of a business as a return on their investment is:
(a) Dividend
(b) Expense
(c) Expenditure
(d) Deferred income

Test Series: August, 2018

**FOUNDATION COURSE
MOCK TEST PAPER - 1
PAPER – 4: PART I : BUSINESS ECONOMICS**

ANSWER

1	d	16	a	31	b	46	a
2	a	17	d	32	d	47	c
3	a	18	c	33	a	48	a
4	b	19	a	34	c	49	c
5	a	20	b	35	d	50	b
6	a	21	d	36	c	51	b
7	d	22	d	37	b	52	c
8	b	23	a	38	c	53	b
9	c	24	a	39	b	54	c
10	c	25	d	40	c	55	d
11	a	26	c	41	b	56	c
12	c	27	b	42	d	57	d
13	b	28	c	43	b	58	a
14	a	29	b	44	d	59	a
15	b	30	b	45	b	60	a



Test Series: August, 2018

FOUNDATION COURSE

MOCK TEST PAPER

PAPER – 4 PART II: BUSINESS AND COMMERCIAL KNOWLEDGE

**ANSW
ERS**

1	2	3	4	5	6	7	8	9	10
(d)	(b)	(d)	(a)	(c)	(d)	(b)	(d)	(a)	(c)
11	12	13	14	15	16	17	18	19	20
(c)	(b)	(d)	(b)	(b)	(c)	(d)	(b)	(c)	(b)
21	22	23	24	25	26	27	28	29	30
(d)	(c)	(d)	(d)	(d)	(d)	(d)	(c)	(a)	(a)
31	32	33	34	35	36	37	38	39	40
(d)	(a)	(a)	(a)	(c)	(c)	(c)	(d)	(c)	(a)



Test Series: March, 2018

FOUNDATION COURSE

MOCK TEST PAPER

PAPER – 4 PART II: BUSINESS AND COMMERCIAL KNOWLEDGE

QUESTIONS

Max. Marks: 40

- Which of the following statements distinguishes business from entrepreneurship?
 - Entrepreneurs are the business owners too
 - All business owners are entrepreneurs too
 - Entrepreneurs seek out new opportunities and pursue innovative business ideas
 - (a) and (b)
- Business and technology are:
 - Interrelated
 - Interdependent
 - Interrelated & Interdependent
 - None of the above
- Which pharmaceutical company has the slogan 'caring for life'?
 - Dr. Reddy's
 - Lupin Ltd.
 - Cipla Ltd.
 - Sun Pharmaceutical Industries Ltd.
- Public policies are of three types:
 - Restrictive, Regulatory, Participative
 - Restrictive, Regulatory, Facilitating
 - Voluntarily, Participative, Facilitating
 - Regulatory, Voluntarily, Continuous
- How many members of SEBI should be from RBI?
 - 4
 - 3
 - 1
 - 2
- A portion of the after-tax profits paid out to the owners of a business as a return on their investment is:



- (a) Dividend
 - (b) Expense
 - (c) Expenditure
 - (d) Deferred income
7. Which of the following statements does not comprise business activity?
- (a) Sale of old furniture by a household for a profit
 - (b) A carpenter made furniture for his domestic use
 - (c) Steel furniture industry
 - (d) Domestic appliances industry
8. Which of the following is not a part of the economic environment?
- (a) Market and trade cycles
 - (b) Consumer buying patterns
 - (c) Strength of consumer spending
 - (d) Interest and exchange rates
9. State Bank of India was formerly known as:
- (a) Bank of Madras
 - (b) Bank of Calcutta
 - (c) Imperial Bank
 - (d) Indian Bank
10. OCBs mean
- (a) Overseas Corporate Bodies
 - (b) Ordnance Commission Bilateral secretariat
 - (c) Oversees Civic Boards
 - (d) Oversees Commercial Bilateral Treaties
11. What is the constitution of Competition Commission of India?
- (a) A chairperson and 6 members appointed by the Central Government
 - (b) A chairperson and 5 members appointed by the Central Government
 - (c) A chairperson and 5 members appointed by the RBI
 - (d) A chairperson and 6 members appointed by the RBI
12. What is meant by B2B?
- (a) Buying behaviour that concerns the process that buyers go through when deciding whether or not to purchase goods or services.



- (b) A company's business model is management's storyline for how the strategy will be a money maker.
- (c) Marketing activity directed from one business to another.
- (d) None of the above
13. The Indian Companies Act, 2013 provides for the registration of:
- (a) Private Limited and Public Limited Company
- (b) One Person Company and Small Company
- (c) Defunct Company
- (d) All of the above
14. The businesses should continuously _____ and _____ to the environment if it is to service and prosper.
- (a) Identify, appraise
- (b) Monitor, adapt
- (c) Identify, monitor
- (d) Monitor, appraise
15. Who founded Wipro Limited?
- (a) Azim Premji
- (b) Mohamed Premji
- (c) Ratan Tata
- (d) Narayan Murthy
16. Reforms in Dowry Act and Divorce Act are the examples of:
- (a) Economic Reforms
- (b) Cultural Reforms
- (c) Commercial Reforms
- (d) Socio-cultural Reforms
17. Since when has IFCI been converted into a private limited company?
- (a) 1991
- (b) 1992
- (c) 1993
- (d) 1994
18. 'Personal selling' is done through:
- (a) Written communication
- (b) Oral communication
- (c) TV and media



- (d) Sign language
19. A partnership may not be formed to carry on:
- (a) Any trade
 - (b) Occupation
 - (c) Profession
 - (d) Social enterprise
20. Relationship between organisation and environment can be described through:
- (a) Exchange of information
 - (b) Exchange of resources
 - (c) Exchange of influence and power
 - (d) All of the above
21. American Express was ranked the 17th most admired company by Fortune in which year?
- (a) 2014
 - (b) 2015
 - (c) 2016
 - (d) 2017
22. The form of privatization, where government keeps hold of responsibility and private enterprise handles the management of it fully or partly is known as:
- (a) Disinvestment
 - (b) Deregulation
 - (c) Delegation
 - (d) Decentralization
23. Where is the head office of NABARD?
- (a) Mumbai
 - (b) Delhi
 - (c) Gurugram
 - (d) Bengaluru
24. What is a bull market?
- (a) A market in which the stock prices are increasing consistently.
 - (b) A market in which the stock prices are decreasing consistently.
 - (c) A market in which the stock prices are stable over a long time.
 - (d) None of the above
25. The maximum number of members of a private company is limited to



- (a) 50
(b) 20
(c) 100
(d) 200
26. The performance of business in the private sector is measured by:
(a) Profitability
(b) Customer Satisfaction
(c) No of employees
(d) The salary of Managing Director
27. Who was the founder of Walmart?
(a) Sam Walton
(b) Bret Biggs
(c) Greg Penner
(d) Luca Maestri
28. FIPB stands for:
(a) Foreign Institutional Promotion Board
(b) Foreign Institutional Preparatory Board
(c) Foreign Investment Priority Board
(d) Foreign Investment Promotion Board
29. Which one of the following is an Indian Regulatory Body that facilitates business organizations?
(a) EXIM Bank
(b) NABARD
(c) IRDA
(d) IFCI
30. is the measure of return on investments in terms of percentage
(a) Yield
(b) Index
(c) Equity
(d) Bonus
31. A HUF cannot comprise members of a:
(a) Hindu & Sikh family
(b) Parsi family
(c) Buddhist family



- (d) Muslim family
32. The term PESTLE analysis is used to describe a framework for analyzing:
- (a) Macro Environment
 - (b) Micro Environment
 - (c) Both Macro and Micro Environment
 - (d) None of above
33. Indane LPG is the product of which corporation in India?
- (a) IOCL
 - (b) NTPC
 - (c) ONGC
 - (d) PGCIL
34. Simplification of trade restrictions related to import is an example of:
- (a) Globalization
 - (b) Privatization
 - (c) Disinvestment
 - (d) Aggregation
35. The RBI has been vested with extensive power to control and supervise commercial banking system under the-
- (a) Reserve Bank of India Act, 1934
 - (b) The Banking Regulation Act, 1949
 - (c) Both (a) and (b)
 - (d) The Companies Act, 2013
36. is a strategy that is used to minimize the risk of a particular investment and maximize the returns of an investment.
- (a) Cap
 - (b) Encryption
 - (c) Hedge
 - (d) Term insurance
37. All are elements of macro environment except:
- (a) Society
 - (b) Government
 - (c) Competitors
 - (d) Technology



38. Where are the headquarters of L&T?
- Bengaluru
 - Delhi
 - Mumbai
 - Chennai
39. Hyundai India Limited came to India through the FDI route. It followed the path of:
- Divestment in Public Sector Unit
 - Joint Venture
 - By creating a 100% Indian subsidiary
 - Replacement of a government sector business
40. is a technology where the banking organizations resort to the use of electronics, computers and other networks to execute transactions and transfer funds.
- E-cash
 - Digi-cash
 - Hedge
 - Cap

Test Series: March, 2018

FOUNDATION COURSE

MOCK TEST PAPER

PAPER – 4 PART II: BUSINESS AND COMMERCIAL KNOWLEDGE

ANSWERS

1	2	3	4	5	6	7	8	9	10
(c)	(c)	(c)	(b)	(c)	(a)	(b)	(b)	(c)	(a)
11	12	13	14	15	16	17	18	19	20
(a)	(c)	(d)	(b)	(b)	(d)	(c)	(b)	(d)	(d)
21	22	23	24	25	26	27	28	29	30
(d)	(c)	(a)	(a)	(d)	(b)	(a)	(d)	(c)	(a)
31	32	33	34	35	36	37	38	39	40
(d)	(a)	(a)	(a)	(c)	(c)	(c)	(c)	(c)	(a)



FOUNDATION COURSEMOCK TEST PAPER

Test Series: March, 2018

PAPER – 4: PART I : BUSINESS ECONOMICS

QUESTIONS

1. 'Economics is a Science which deals with wealth' was referred by
 - (a) Alfred Marshal
 - (b) J.B. Say
 - (c) Adam Smith
 - (d) A.C. Pigou.
2. Exploitation and inequality are minimal under:
 - (a) Socialism
 - (b) Capitalism
 - (c) Mixed economy
 - (d) None of the above
3. Which of the following is a cause of an economic problem?
 - (a) Scarcity of Resources
 - (b) Unlimited wants
 - (c) Alternative uses
 - (d) All of the above.
4. The law of Scarcity
 - (a) Does not apply to rich, developed countries
 - (b) Does not apply to poor, under developed countries
 - (c) Implies only to socialist economies
 - (d) Implies that all consumer wants will never be completely satisfied.
5. Which of the following is not within the Scope of Business Economics?
 - (a) Capital Budgeting
 - (b) Accounting Standards
 - (c) Business Cycles
 - (d) Risk Analysis

Max. Marks : 60



6. In a perfectly competitive firm, MC curve above AVC is the _____ Curve of the firm
 - (a) Average cost
 - (b) Marginal revenue
 - (c) Demand
 - (d) Supply
7. In the long run, normal profits are included in the _____ curve.
 - (a) LAC
 - (b) LMC
 - (c) AFC
 - (d) SAC
8. Which is not the assumption of Indifference curve Analysis?
 - (a) The consumer is rational and possesses full information about all the aspects of economic environment
 - (b) The consumer is not capable of ranking all combinations
 - (c) If consumer prefers combination A to B and B to C, then he must prefer combination A to C
 - (d) If combination A has more commodities than combination B, then A must be preferred to B.
9. Indicate which of the following is a variable cost?
 - (a) Payment of rent on building
 - (b) Cost of Machinery
 - (c) Interest payment on Loan taken from bank
 - (d) Cost of raw material
10. In case of necessities the marginal utilities of the earlier units are large. In such cases the consumer surplus will be:
 - (a) Infinite
 - (b) zero
 - (c) Marginally positive
 - (d) Marginally Negative
11. Price discrimination is not possible
 - (a) Under Monopoly
 - (b) Under Monopolistic competition



- (c) Under perfect competition
(d) Under any market firm
12. Calculate Income-elasticity for a household when the income of this household rises by 5% and the demand for buttons does not change at all.
- (a) Infinity
(b) 1
(c) 5
(d) Zero
13. If the goods are perfect substitutes for each other then cross elasticity is
- (a) Infinite
(b) One
(c) Zero
(d) None of the above
14. A firm encounters its shut down point when:
- (a) Average total cost equals price at the profit maximizing level of output
(b) Average variable cost equals price at the profit maximizing level of output
(c) Average fixed cost equals price at the profit maximizing level of output
(d) Marginal cost equals price at the profit maximizing level of output
15. In which form of the market structure is the degree of control over the price of its product by a firm is very large?
- (a) Imperfect competition
(b) Monopoly
(c) Oligopoly
(d) Perfect competition
16. Which of the following means an Economic activity?
- (a) Production of Goods
(b) Production of services
(c) Consumption of Goods and Services
(d) All of the above
17. The income of a household rises by 20 per cent, the demand for computer rises by 50%, this means computer is a/an:



- (a) Inferior good
 - (b) Luxury good
 - (c) Necessity
 - (d) None of the above
18. The marginal product of a variable input is best described as:
- (a) Total product divided by the number of units of variable input
 - (b) The additional output resulting from a one unit increase in the variable input
 - (c) The additional output resulting from a one unit increase in both the variable and fixed inputs
 - (d) None of the above
19. When we study why saving rates are high or low, we are studying :
- (a) Macro Economics
 - (b) Micro Economics
 - (c) Econometrics
 - (d) Both (a) and (b)
20. Which of the following statements is false with respect to Business Cycles:
- (a) They occur periodically.
 - (b) They generally originate in free market economies.
 - (c) They are international in character.
 - (d) They do not affect capitalist economies.
21. If the price of Banana rises from ₹ 30 per dozen to ₹ 40 per dozen and the supply increases from 240 dozen to 300 dozens elasticity of supply is: (use arc elasticity Method)
- (a) .7
 - (b) -.67
 - (c) .65
 - (d) .77
22. If as a result of 90 per cent increase in all inputs, the output increase by 75 per cent this is a case of
- (a) Increasing return of a factor
 - (b) Decreasing return of a factor



- (c) Diminishing returns to scale
(d) None of the above
23. If distribution of income is more equal, then the propensity to consume of the country is
- (a) Relatively High
(b) Relatively Low
(c) Unaffected
(d) None of the above
24. During 1920s, UK saw rapid growth in GDP, production levels and living standards. The economic growth also caused an unprecedented rise in stock market values. This is an example of:
- (a) Boom
(b) Recession
(c) Contraction
(d) Trough
25. If demand for a good is elastic, an increase in its price will cause total expenditure of the consumer of the good to:
- (a) Increase
(b) Decrease
(c) Remain the same
(d) None of the above
26. If a good is priced at ₹ 180 p.u. and its price is increased to ₹ 240 p.u. Now suppose quantity demanded previously was 100 units and as a result of price increase, the quantity demanded fell to 80 units. What is the price elasticity? (use Mid Point method)
- (a) .777
(b) 1.4
(c) 1
(d) .8

Use the following table to answer questions 27-28

Hour of labour	Total output	Marginal Product
0	0	0
1	300	300
2	-	240



3	720	-
---	-----	---

27. What is the total output when 2 hours of labour are employed?
- 160
 - 200
 - 360
 - 540
28. What is the marginal product of the third hour of labour?
- 120
 - 160
 - 200
 - 180
29. Which of the following statements is false?
- An indifference curve is concave to the origin
 - An indifference curve is convex to the origin
 - A higher indifference curve is better than a lower indifference curve
 - An indifference curve is a curve which represents all those combinations of two goods which give same satisfaction to the consumer.
30. Identify the factor which generally keeps the price-elasticity of a demand for a good high.
- Its very high price
 - Its very low price
 - Large number of substitutes
 - None of the above
31. Assume that when price is ₹ 40 quantity demanded is 9 units, and when price is ₹ 38, quantity demanded is 10 units. Based on this information, what is the marginal revenue resulting from an increase in output from 9 units to 10 units
- ₹ 20
 - ₹ 40
 - ₹ 38
 - ₹ 1
32. Suppose that an owner is earning total revenue of ₹ 1,00,000 and is incurring explicit cost of ₹ 60,000. If the owner could work for another company for ₹ 30,000 a year, we would conclude that:
- The firm is earning economic profit of ₹ 10,000
 - The firm is earning accounting profit of ₹ 40,000



- (c) The firm is earning economic profit of ₹ 40,000
 (d) Both (a) and (b)
33. A monopolist is able to maximize his profit when:
- (a) His output is maximum
 (b) He charges a higher price
 (c) His average cost is minimum
 (d) His marginal cost is equal to marginal revenue
34. Law of diminishing marginal utility may not apply to:
- (a) Money
 (b) Butter
 (c) Pepsi, Coke etc.
 (d) Ice cream
35. If the local-cream shop raises the price of a ice cream cup from ₹ 10 per cup to ₹ 15 per cup, and quantity demanded falls from 500 cups per day to 300 cups per day, the price elasticity of demand for ice-cream cup is: (use arc elasticity Method)
- (a) 1
 (b) 2.5
 (c) 2
 (d) 1.25
36. Suppose the short run cost function can be written as $TC = 250 + 10Q$. Average Fixed cost equals:
- (a) $250/Q$
 (b) 250
 (c) 10
 (d) $250/Q+10$
37. Gopal inherited 1 acre of land from his father in 1960. Today the value of that land is ₹ 90 lakh per acre. What is the opportunity cost of Gopal for keeping that land? His father paid ₹ 50,000 for this land.
- (a) Nothing, since the land was inherited
 (b) ₹ 50,000 which his father paid
 (c) ₹ 90 lakh, since the amount Gopal is getting now if he sells it
 (d) Both (b) and (c)
38. Suraj is a high school senior thinking about becoming an economic research assistant, Shyam just graduated from college with an economic degree and is looking for a job as an economic research assistant. For whom is the college tuition an opportunity cost?



- (a) Suraj
 - (b) Shyam
 - (c) Both Suraj and Shyam
 - (d) Neither Suraj nor Shyam
39. Kinked demand curve in oligopoly market explains:
- (a) Price and output determination
 - (b) Existence of very few firms in the market
 - (c) Price rigidity
 - (d) Price leadership
40. Shares traded in the stock market depict characteristics close to_____.
- (a) Perfect competition
 - (b) Oligopoly
 - (c) Monopolistic Competition
 - (d) Monopoly
41. Consider the following and decide which, if any, economy is without scarcity:
- (a) The pre-independence Indian economy, where most people were farmers.
 - (b) A mythical economy where everybody is a billionaire.
 - (c) Any economy where income is distributed equally among its people.
 - (d) None of the above.
42. When the price of a substitute of X commodity falls, the demand for X_____.
- (a) Rises
 - (b) Falls
 - (c) Remains unchanged
 - (d) Any of the above.
43. At the point of inflexion, the marginal product is
- (a) Increasing
 - (b) Decreasing
 - (c) Maximum
 - (d) Negative
44. Who expressed the view that fluctuations in investments are the prime cause of business cycles?
- (a) Hawtrey



- (b) Pigou
(c) Schumpeter
(d) Keynes
45. When _____, we know that the firms must be producing at the minimum point of the average cost curve and so there will be productive efficiency
- (a) $AC = AR$
(b) $MC = AC$
(c) $MC = MR$
(d) $AR = MR$
46. Suppose the demand for meals at a medium-priced restaurant is elastic. If the management of the restaurant is considering raising prices, it can expect a relatively:
- (a) Large fall in quantity demanded
(b) large fall in demand
(c) small fall in quantity demanded
(d) small fall in demand
47. According to Schumpeter
- (a) Trade cycle is purely monetary phenomenon.
(b) Trade cycles occur as a result of innovations which take place in system.
(c) Trade cycles result due to faulty business decisions of USA.
(d) None of the above.
48. 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
49. Giffen goods are those goods
- (a) For which demand increases as price increases
(b) That have a high income elasticity of demand
(c) That are in short supply
(d) None of these
50. In the long run any firm will eventually leave the industry if:



- (a) Price does not at least over 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.

51. You are given the following data:

Table

Output	Total Costs
0	0
1	15
2	30
3	45
4	60
5	75

The above data is an example of:

- (a) Constant returns to scale.
- (b) Decreasing returns to scale
- (c) Increasing returns to scale
- (d) Globalization

The following Table provides cost and price information for a firm called Comfy Cushions (CC). The firm produces and sells cushions using a fixed amount of capital equipment but can change the level of inputs such a labour and materials. Read the Table and answer questions 52-58

Production (Q)	Price per unit (P)	Total Cost (TC)	Average Total Cost (ATC)	Marginal Cost (MC)	Total Revenue (TR)	Marginal Revenue (per unit) (MR)
0	250	500				
1	240	730				
2	230	870				
3	220	950				
4	210	1010				
5	200	1090				
6	190	1230				
7	180	1470				
8	170	1850				
9	160	2410				



52. What is the value of fixed cost incurred by CC?
- (a) ₹ 252
 - (b) ₹ 730
 - (c) ₹ 500
 - (d) cannot be determined
53. What is the average total cost when 5 units are produced?
- (a) ₹ 218
 - (b) ₹ 1090
 - (c) ₹ 730
 - (d) ₹ 210
54. What is the marginal revenue (per unit) when production increase from 7 units to 8 units?
- (a) 160
 - (b) 140
 - (c) 120
 - (d) 100
55. What is the marginal cost when production increase from 3 to 4 units?
- (a) 140
 - (b) 80
 - (c) 60
 - (d) 240
56. To maximize its profit or minimize its loss, what level of production should CC choose?
- (a) 7 units
 - (b) 6 units
 - (c) 4 units
 - (d) 8 units
57. At the profit maximizing level, what price should be charged?
- (a) ₹ 190
 - (b) ₹ 200
 - (c) ₹ 210
 - (d) ₹ 220
58. Calculate CC's maximum profit or minimum loss.
- (a) Loss of ₹ 100



- (b) Loss of ₹ 60
(c) Profit of ₹ 90
(d) Loss of ₹ 90
59. A significant decline in general economic activity extending over a period of time is _____
- (a) Business cycle
(b) Contraction phase
(c) Recession
(d) Recovery
60. Economic recession shares all of these features except :
- (a) Fall in the level 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 increase in demand for inputs.

Test Series: March, 2018

FOUNDATION COURSE

MOCK TEST PAPER

PAPER – 4: PART I : BUSINESS ECONOMICS

ANSWERS

1	b	16	d	31	a	46	a
2	a	17	b	32	d	47	b
3	d	18	b	33	d	48	d
4	d	19	a	34	a	49	a
5	b	20	d	35	d	50	a
6	d	21	d	36	a	51	a
7	a	22	c	37	c	52	c
8	b	23	a	38	a	53	a
9	d	24	a	39	c	54	d
10	a	25	b	40	a	55	c
11	c	26	a	41	d	56	b
12	d	27	d	42	b	57	a
13	a	28	d	43	c	58	d
14	b	29	a	44	d	59	c
15	b	30	c	45	b	60	d



Test Series: October, 2018

FOUNDATION COURSE

MOCK TEST PAPER - 2

PAPER – 4: BUSINESS ECONOMICS AND BUSINESS AND COMMERCIAL KNOWLEDGE

PART I:

BUSINESS

ECONOMI

CS

Max. Marks: 60

QUESTIONS

1. Consumer surplus means _____
(a) the area inside the budget line



- (b) the area between the average revenue and marginal revenue curves
(c) the difference between the maximum amount a person is willing to pay for a good and its marketprice.
(d) none of the above
2. A horizontal supply curve parallel to the quantity axis implies that the elasticity of supply is
(a) zero
(b) infinite
(c) equal to one
(d) greater than zero but less than one
3. Price taker firms:
(a) Advertise to increase the demand for their products
(b) Do not advertise because most advertising is harmful for the society.
(c) Do not advertise because they can sell as much as they want at the current price
(d) Who advertise will get more profits than those who do not.
4. The AR curve and industry demand curve are same:
(a) In the case of monopoly
(b) In the case of oligopoly
(c) In the case of perfect competition.
(d) None of the above.
5. Which one of the following is the best example of agreement between oligopolists?
(a) GATT
(b) OPEC
(c) WTO
(d) UNIDO
6. Marginal utility approach to demand was given by _____
(a) J.R. Hicks
(b) Alfred Marshall
(c) Robbins
(d) A.C. Pigou
7. Excess capacity is not found under _____.
(a) Monopoly
(b) Monopolistic Competition
(c) Perfect Competition
(d) Oligopoly.



8. Marginal revenue will be negative if elasticity of demand is_____.
- Less than one
 - More than one.
 - Equal to one
 - Equal to zero
9. If R point bisects the demand curve in two equal part, then elasticity at R equals_____
- Zero
 - Five
 - Two
 - One

Use Table 1 to answer question 10-13

“Bozzo’s burgers is a small restaurant and a price taker. The table below provides the data of Bozzo’s output and costs in Rupee.

Quantity	Total Cost	Fixed Cost	Variable Cost	Average variable cost	Average total Cost	Marginal Cost
0	100	-	-	-		
10	210					
20	300					
30	400					
40	540					
50	790					
60	1060					

10. If burgers sell for Rs. 14 each, what is Bozzo’s profit maximizing level of output?
- 10 burgers
 - 40 burgers
 - 50 burgers
 - 60 burgers
11. What is the total variable cost when 60 burgers are produced?
- Rs. 690
 - Rs. 960
 - Rs. 110
 - Rs. 440
12. What is average fixed cost when 20 burgers are produced?
- Rs.5



- (b) Rs. 3.33
(c) Rs. 10
(d) Rs. 2.5
13. Between 10 to 20 burgers, what is the marginal cost (per burger)?
(a) Rs. 11
(b) Rs. 13
(c) Rs. 14
(d) Rs. 9
14. When _____ we know that the firms must be producing at the minimum point of the average cost curve and so there will be productive efficiency.
(a) $AC=AR$
(b) $MC=AC$
(c) $MC=MR$
(d) $AR=MR$

Read the following data and answer Questions number 15-20

A shopkeeper sells gel pen at Rs. 10 per pen. At this price he can sell 120 per month. After some time, he raises the price to Rs. 15 per pen. Following the price rise:

- Only 60 pens were sold every month
 - The number of refills bought were down from 200 to 150.
 - The number of ink pen customers bought went up from 90 to 180 per month.
15. The price elasticity of demand when gel pen's price increases from Rs.10 per pen to Rs.15 per pen is equal to:
(a) 2.5
(b) 1.0
(c) 1.66
(d) 2.66
16. The cross elasticity of monthly demand for refills when the price of gel pen increase from Rs. 10 to Rs. 15 is equal to:
(a) -0.71
(b) + 0.25
(c) -0.1
(d) + 0.38
17. The cross elasticity of monthly demand for ink pen when the price of gel pen increases from Rs. 10 to Rs. 15 is equal to:
(a) + 1.66



- (b) -1.05
(c) -2.09
(d) + 2.09
18. What can be said about the price elasticity of demand for pen?
(a) It is perfectly elastic
(b) It is elastic
(d) It is perfectly inelastic
(d) It is inelastic
19. Suppose income of the residents of locality increases by 50% and the quantity of gel pens demanded increases by 20%. What is income elasticity of demand for gel pen?
(a) 0.4
(b) 0.6
(c) 1.25
(d) 1.50
20. We can say that gel pen in economics sense is a/an.
(a) Luxury good
(b) inferior good
(c) Normal good
(d) Nothing can be said.
21. Which of the following is not a characteristic of a "price taker"?
(a) $TR = P \times Q$
(b) $AR = \text{Price}$
(c) Negatively - sloped demand
(d) Marginal Revenue = Price
22. Which cost increases continuously with the increase in production?
(a) Average cost
(b) Marginal cost
(c) Fixed cost
(d) Variable cost
23. Which one is not an assumption of the theory of demand based on analysis of indifference curves?
(a) Given scale of preferences as between different combinations of two goods.
(b) Diminishing marginal rate of substitution
(c) Constant marginal utility of money



- (d) Consumers would always prefer more of a particular good to less of it, other things remaining the same
24. If the quantity demanded of coffee increases by 5% when the price of tea increases by 20%, the cross-price elasticity of demand between tea and coffee is
- (a) -0.25
(b) 0.25
(c) -4
(d) 4
25. 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
26. 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
27. The total effect of a price change of commodity is
- (a) substitution effect plus price effect
(b) substitution effect plus income effect
(c) substitution effect plus demonstration effect
(d) substitution effect minus income effect

Read table and answer Questions number 28-30

	% change in price	% change in quantity demanded (quantity supplied)	Elasticity
Demand for salt	20	-1	x
Demand for bananas	15	y	3
Supply of chicken	z	14	1

28. Refer Table and find the value of x.
- (a) -20
(b) 0.05
(c) -1



- (d) Can not be determined
29. Refer Table 2 and find the value of y .
- 5
 - 15
 - 45
 - 3
30. Refer Table 2 and find the value of z .
- 14
 - 1
 - 0.07
 - 5
31. In the short run if a perfectly competitive firm finds itself operating at a loss, it will:
- Reduce the size of its plant to lower fixed costs.
 - Raise the price of its product
 - Shut down
 - Continue to operate as long as it covers its variable cost.
32. A competitive firm maximizes profit at the output level where:
- Price equals marginal cost.
 - The slope of the firm's profit function is equal to zero.
 - Marginal revenue equals marginal cost.
 - All of the above.
33. Which of the following is correct?
- If marginal revenue is positive and falling, total revenue will rise at a decreasing rate.
 - Total revenue is equal to price times the quantity sold.
 - Under perfect competition, total revenue is equal to marginal revenue times the quantity sold.
 - All of the above.
34. Monopolies are allocatively inefficient because:
- They restrict the output to keep the price higher than under perfect competition.
 - They charge a price higher than the marginal cost.
 - Both (a) and (b) are correct.
 - Both (a) and (b) are incorrect.

Read the following table and answer question number 35-36

Number of products	Total utility	Marginal utility
--------------------	---------------	------------------



0	0	-
1	3600	
2	6800	
3	9600	
4	12000	
5	14000	
6	15600	
7	16800	
8	17600	
9	18000	

35. What is marginal utility when consumption increases from 4 units to 5 units? (a)
- 3000
- (b) 1200
- (c) 2000
- (d) 1500
36. What is marginal utility when consumption increases from 8 units to 9 units? (a)
- 3000
- (b) 400
- (c) 2000
- (d) 1500
37. Which of the following statements is incorrect?
- (a) Unlike normative economics, positive economics is based on objective analysis of economic issues.
- (b) The opportunity cost of a good is the quantity of other goods sacrificed to get another unit of that good.
- (c) Microeconomics emphasizes interactions in the economy as a whole.
- (d) None of the above.
38. A drought in India leads to unusually low level of wheat production. This would lead to a rise in price of wheat and fall in the quantity of wheat demanded due to:
- (a) excess demand at the original price.
- (b) excess supply at the original price.
- (c) the supply curve shifting to the right.



- (d) the demand curve shifting to the left.
39. 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.
40. If a good has price elasticity greater than one then:
- (a) demand is unit elastic and a change in price does not affect sellers' revenue.
 - (b) demand is elastic and a change in price causes sellers' revenue to change in the opposite direction.
 - (c) demand is inelastic and a change in price causes sellers' revenue to change in the same direction.
 - (d) None of the above is correct.
41. The law of diminishing returns implies that:
- (a) for each extra unit of X consumed, holding constant consumption of other goods, total utility increases.
 - (b) total utility remains unchanged regardless of how many units of X are consumed.
 - (c) marginal utility will increase at a constant rate as more units of X are consumed.
 - (d) each extra unit of X consumed, holding constant consumption of other goods, adds successively less to total utility.
42. Which of the following is correct?
- (a) Firms that earn accounting profits are economically profitable.
 - (b) Opportunity cost plus accounting cost equals economic cost.
 - (c) When a firm's demand curve slopes down marginal revenue will rise as output rises.
 - (d) Firms increase profits by selling more output than their rivals.
43. If marginal revenue exceeds marginal cost, a monopolist should _____.
- (a) increase output.
 - (b) decrease output.
 - (c) keep output the same because profits are maximized when marginal revenue exceeds marginal cost.
 - (d) raise the price.
44. A market structure in which many firms sell products that are similar but not identical is known as
- (a) monopolistic competition.
 - (b) monopoly.
 - (c) perfect competition.



(d) oligopoly.

Read the following paragraph and answer questions 45-48

Nicole owns a small pottery factory. She can make 1,000 pieces of pottery per year and sell them for Rs. 100 each. It costs Nicole Rs. 20,000 for the raw materials to produce the 1,000 pieces of pottery. She has invested Rs. 1,00,000 in her factory and equipment: Rs. 50,000 from her savings and Rs. 50,000 borrowed at 10 percent. (Assume that she could have loaned her money out at 10 per cent too.) Nicole can work at a competing pottery factory for Rs. 40,000 per year.

45. The accounting cost at Nicole's pottery factory is:
- (a) Rs.25,000
 - (b) Rs.50,000
 - (c) Rs.80,000
 - (d) Rs.75,000
46. The economic cost at Nicole's factory is:
- (a) Rs.75,000
 - (b) Rs.70,000
 - (c) Rs.80,000
 - (d) Rs.30,000
47. The accounting profit at Nicole's pottery factory is:
- (a) Rs.30,000
 - (b) Rs.50,000
 - (c) Rs.80,000
 - (d) Rs.75,000
48. The economic profit at Nicole's factory is:(a)
- Rs. 75,000
 - (b) Rs. 35,000
 - (c) Rs. 80000
 - (d) Rs. 30000
49. A buyer's willingness to pay is that buyer's:
- (a) minimum amount he is willing to pay for a good.
 - (b) producer surplus.
 - (c) consumer surplus.
 - (d) maximum amount he is willing to pay for a good.
50. The cost of one thing in terms of the alternative given up is known as:
- (a) product cost
 - (b) physical cost



- (c) real cost
(d) opportunity cost
51. Which of the following is considered production in economics?
- (a) Tilling of soil.
(b) Singing a song before friends
(c) Preventing a child from falling into a manhole on the road
(d) Painting a picture for pleasure.
52. Which of the following is not a property of the indifference curve?
- (a) Indifference curves are convex to the origin
(b) Indifference curves slope downwards from left to right
(c) No two indifference curves can cut each other
(d) None of the above.
53. The structure of the cold drink industry in India is best described as:
- (a) Perfectly competitive
(b) Monopolistic
(c) Oligopolistic
(d) Monopolistically competitive
54. If the price of apples rises from Rs. 30 per quarter kg. to Rs. 40 quarter per kg and the supply increases from 240 kg to 300 kg. Elasticity of supply is:
- (a) .77
(b) .67
(c) (-) .67
(d) (-) .77
55. If a seller realizes Rs. 10,000 after selling 100 units and Rs. 14,000 after selling 120 units. What is the marginal revenue here?
- (a) Rs. 400
(b) Rs. 450
(c) Rs. 200
(d) Rs. 100
56. Under which market condition, though the firms earn normal profits in the long run, there is always excess capacity with them
- (a) Perfect competition
(b) Monopoly



- (c) Oligopoly
(d) Monopolistic competition
57. Price discrimination is profitable when:
- (a) the elasticity of the product in different markets is same
(b) the elasticity of the product in different market is different
(c) the elasticity of the product in different market is zero.
(d) None of the above.
58. Which of the following is not an economic activity?
- (a) A son looking after his ailing mother
(b) A chartered accountant doing his own practice,
(c) A soldier serving at the border.
(d) A farmer growing millets
59. Which of the following is not an example of business cycle?
- (a) During 1920s, UK saw rapid growth in gross domestic Product, production levels and livingstandards.
(b) Due to bursting of Information Technology bubble stock markets crashed and countries beganfeeling of down turn in their economies.
(c) The Sub-prime crisis led to chain effect and it had worldwide impact.
(d) The cycle business has seen a slowdown in growth over a period of time.
60. Which of the following may be considered a cause of business cycle?
- (a) Fluctuations in effective demand.
(b) Fluctuations in investment.
(c) Variations in government spending.
(d) All of the above.

PART II: BUSINESS AND COMMERCIAL KNOWLEDGE

QUESTIONS

Max. Marks: 40

1. Which of the following is NOT an economic objective of the firm?
- (a) Sales growth
(b) Improvement in market share
(c) Profits and return on investment



- (d) Conservation of natural resources
2. The _____ environment refers to the nature and direction of the economy in which a company competes or may compete.
- (a) Socio-cultural
 - (b) Internal
 - (c) Micro
 - (d) Economic
3. On May 9, 2018, Walmart acquires what percentage of shares in Flipkart?
- (a) 67%
 - (b) 77%
 - (c) 51%
 - (d) 90%
4. Identify the sector where, FDI is NOT permitted:
- (a) Small Arms
 - (b) Insurance Company
 - (c) Nidhi company
 - (d) Animal Husbandry
5. NABARD is the most important institution in the country which looks after the development of the
- (a) Cottage industry
 - (b) Small industry
 - (c) Village industry
 - (d) All of the above
6. Which one of the following is NOT related to funds transfer in banks?
- (a) RTGS
 - (b) CRR
 - (c) IFSC
 - (d) NEFT
7. Which one is NOT an economic activity?
- (a) Purchasing shares
 - (b) Planting a tree in your garden
 - (c) Audit by a Chartered Accountant
 - (d) Production & Consumption
8. Which of the following statement is NOT a factor influencing socio-cultural environment?



- (a) Family structure and changes in it.
 (b) Educational levels.
 (c) Launch of mobile phone with advance technology.
 (d) Position of children and adolescents.
9. Match the following:

	Companies		Product
1	Apple	i	Maggie
2	Maruti	ii	Macintosh
3	Nestle	iii	Ciaz
4	Airtel	iv	Mobile phone service

- (a) 1-ii, 2-iii, 3-i, 4-iv
 (b) 1-iv, 2-i, 3-iii, 4-ii
 (c) 1-iii, 2-iv, 3-ii, 4-i
 (d) 1-i, 2-ii, 3-iv, 4-iii
10. The method of FDI other than Automatic route is called:
- (a) NRI Route
 (b) Government Route
 (c) Institutional Route
 (d) Priority Route
11. EXIM Bank took over the operations of the international finance wing of:
- (a) IFCI
 (b) IRDAI
 (c) IDBI
 (d) SEBI
12. Carrying forward of transaction from one settlement period to the next without effecting delivery or payment called:
- (a) Benami
 (b) Badla
 (c) Bid
 (d) None of these



13. A partnership may not be formed to carry on:
 - (a) Any trade
 - (b) Occupation
 - (c) Profession
 - (d) Social enterprise
14. Relationship between organisation and environment can be described through:
 - (a) Exchange of information
 - (b) Exchange of resources
 - (c) Exchange of influence and power
 - (d) All of the above
15. Who is the current CEO and MD of Infosys Ltd.?
 - (a) Salil Parekh
 - (b) U B Pravin Rao
 - (c) N R Narayan Murthy
 - (d) Nandan Nilekani
16. The form of privatization, where government keeps hold of responsibility and private enterprise handles the management of it fully or partly is known as:
 - (a) Disinvestment
 - (b) Deregulation
 - (c) Delegation
 - (d) Decentralization
17. Mark Incorrect:
 - (a) Development banks provide funds to new and upcoming business houses
 - (b) Development banks accept long term deposits from individual and firms
 - (c) IFCI was the first development bank in India
 - (d) The other two Banks ICICI & IDBI have been converted into commercial banks
18. What is a bear market?
 - (a) A market in which the stock prices are increasing consistently.
 - (b) A market in which the stock prices are falling consistently.
 - (c) A market in which the stock prices are stable over a long time.
 - (d) None of the above
19. Which of the following is NOT an economic objective of the firm?
 - (a) Sales growth



- (b) Improvement in market share
(c) Profits and return on investment
(d) Conservation of natural resources
20. Mark incorrect: Partnership implies
- (a) Contractual ownership of business
(b) Liability of partner is limited to the extent of one's share capital
(c) The contract is an agreement enforceable at law is called deed
(d) Deed may be registered in India under the Partnership Act, 1932
21. Who is the present CEO and MD of Larsen & Toubro Ltd.?
- (a) Keshab Pandey
(b) K R Krishanmurthy
(c) S N Subrahmanyam
(d) None of these
22. 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.
23. Economic Reforms introduced in India in 1992 are called LPG, that refers to
- (a) Liquidation of loss making units
(b) Popularise Public private partnership
(c) Good governance
(d) None of the above
24. Setting low prices in order to discourage or deter potential new entrants to the suppliers market:
- (a) Pre-Emptive Pricing
(b) Price Sensitivity
(c) Price Discrimination
(d) Price Elasticity
25. The maximum number of members of a public company is:
- (a) 07
(b) 50



- (c) No limit
(d) 200
26. What is the single word that can best describe today's business?
(a) Technology
(b) Change
(c) Persistence
(d) Profit making
27. Who was the co-founder of Microsoft with Bill Gates?
(a) Paul Allen
(b) Melinda Gates
(c) Satya Nadella
(d) Lucci Hood
28. BRICS stands for:
(a) Belgium, Russia, Indonesia, China and Saudi Arabia
(b) Belgium, Russia, India, Cambodia and Saudi Arabia
(c) Brazil, Russia, India, China and South Africa
(d) Brazil, Romania, India, Cambodia and South Africa
29. Which one of the following is an Indian Regulatory Body that facilitates business organizations?
(a) EXIM Bank
(b) NABARD
(c) IRDA
(d) IFCI
30. When two or more companies come together to expand their business operations in a newly created entity.
(a) Joint venture
(b) Acquisition
(c) Partnership
(d) Merger
31. Mark Incorrect:
(a) Business has only one motive; profit
(b) Plurality of the objective is a modern phenomenon
(c) Objective of survival & growth of business are called organics objectives
(d) In addition to economic motive, it may have non-economic motives like social, ethical or environmental.



32. Competition is beneficial to the competing firms besides benefiting the_____.
- (a) Intermediaries
 - (b) Customers
 - (c) Producers
 - (d) Financiers
33. Burman Shell refineries Ltd. was taken over by Government of India to form:
- (a) IOCL
 - (b) NTPC
 - (c) ONGC
 - (d) BPCL
34. Simplification of trade restrictions related to import is an example of:
- (a) Globalization
 - (b) Privatization
 - (c) Disinvestment
 - (d) Aggregation
35. Who was the regulatory body for controlling financial affairs in India before SEBI?
- (a) Controller of Capital Issues
 - (b) Reserve Bank of India
 - (c) IRDA
 - (d) Government of India
36. is a strategy that is used to minimize the risk of a particular investment and maximize the returns of an investment.
- (a) Cap
 - (b) Encryption
 - (c) Hedge
 - (d) Term insurance
37. with their own bargaining power affect the cost structure of the industry:
- (a) Intermediaries
 - (b) Suppliers
 - (c) Consumer
 - (d) Government
38. Which cannot be categorised as PSU:
- (a) NTPC



- (b) BHEL
(c) Post & Telegraph
(d) Power Grid Corporation in India
39. Mark Correct:
- (a) SEBI came into force from Jan 30, 1992
(b) IRDA was set up by an Act of parliament in India
(c) EXIM bank of India was set up in 1982
(d) All the above
40. The number of units of given currency that can be purchased for one unit of another currency is called _____.
- (a) Current ratio
(b) Exchange rate
(c) Equity
(d) Dividend

Test Series: October, 2018

**FOUNDATION COURSE
MOCK TEST PAPER 2**

PAPER – 4 BUSINESS ECONOMICS AND BUSINESS AND COMMERCIAL KNOWLEDGE

PART I: BUSINESS ECONOMICS

ANSWER

1	(c)	13	(d)	25	(d)	37	(c)	49	(d)
2	(b)	14	(b)	26	(a)	38	(a)	50	(d)
3	(c)	15	(c)	27	(b)	39	(b)	51	(a)
4	(a)	16	(a)	28	(b)	40	(b)	52	(d)
5	(b)	17	(a)	29	(c)	41	(d)	53	(c)
6	(b)	18	(b)	30	(a)	42	(b)	54	(a)
7	(c)	19	(a)	31	(d)	43	(a)	55	(c)
8	(a)	20	(c)	32	(d)	44	(a)	56	(d)
9	(d)	21	(c)	33	(d)	45	(a)	57	(b)
10	(b)	22	(d)	34	(c)	46	(b)	58	(a)



11	(b)	23	(c)	35	(c)	47	(d)	59	(d)
12	(a)	24	(b)	36	(b)	48	(d)	60	(d)

PART II: BUSINESS AND COMMERCIAL KNOWLEDGE

ANSWER

S

1	2	3	4	5	6	7	8	9	10
d	d	b	c	d	b	b	c	a	b
11	12	13	14	15	16	17	18	19	20
c	b	d	d	a	c	b	b	d	b
21	22	23	24	25	26	27	28	29	30
c	c	d	a	c	b	a	c	c	d
31	32	33	34	35	36	37	38	39	40
a	b	d	a	a	c	b	c	d	b



FOUNDATION COURSEMOCK TEST PAPER 2

PAPER – 4: PART I : BUSINESS ECONOMICS

**QUESTI
ONS**

1. In the long run under which competition a firm may earn super normal profits?
 - (a) Monopolistic competition
 - (b) Perfect competition
 - (c) Oligopoly
 - (d) Monopoly
2. In Law of negative returns (Third stage of Law of variable proportions)
 - (a) Total Product declines, MP is positive
 - (b) Total Product declines, MP is Zero
 - (c) Total Product declines, MP is negative
 - (d) Total Product in constant, MP is constant
3. Supply of a good and its price have
 - (a) Negative relationship
 - (b) Inverse relationship
 - (c) No relationship
 - (d) Positive relationship
4. If firm's average cost curve is falling then marginal curve must be:
 - (a) Falling
 - (b) Rising
 - (c) Below average cost curve
 - (d) None of the above
5. An expansion in the supply of a good is caused by a:
 - (a) Rise in the price of good
 - (b) Fall in the prices of other goods
 - (c) Fall in the prices of factors of production



- (d) All of the above
- Which of the following has the lowest price elasticity of supply?
- (e) Luxury
(f) Necessities
(g) Salt
(h) Perishable goods
6. In Economics, the central economic problem means:
- (a) Output is restricted to the limited availability of resources
(b) Consumers do not have as much money as they would wish
(c) There will always be certain level of unemployment
(d) Resources are not always allocated in an optimum way
7. The law of scarcity
- (a) Does not apply to rich, developed countries
(b) Does not apply to poor, under developed countries
(c) Implies only to socialist economies.
(d) Implies that all consumer wants will never be completely satisfied.
8. For the prices- taking firm:
- (a) Marginal revenue is less than price
(b) Marginal revenue is equal to price
(c) Marginal revenue is greater than price
(d) The relationship between marginal revenue and price is indeterminate
9. A monopolist is able to maximize his profits when:
- (a) His output is maximum
(b) He charges high price
(c) His average cost is minimum
(d) His marginal cost is equal to marginal revenue
10. In Imperfect competition:
- (a) Excess capacity always exists
(b) Excess capacity never exists



- (c) Excess capacity may or may not exist
(d) None of the above
11. Product differentiation is the most important feature of:
- (a) Monopolistic Competition
(b) Monopoly
(c) Oligopoly
(d) Perfect Competition
12. 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) $MR = AR \times [e/e - 1]$
13. In a perfectly competitive firm, MC curve above AVC is the _____ Curve of the firm
- (a) Average cost
(b) Marginal revenue
(c) Demand
(d) Supply
14. Questions like what should be the level of national income, what should be the wage rate fall within the scope of:
- (a) Positive Science
(b) Normative Science
(c) Both (a) and (b)
(d) None of the above
15. Which of the following is not one of the features of capitalist economy?
- (a) Right of private property
(b) Freedom of choice by the consumers
(c) No profit, No Loss motive
(d) Competition
16. Which is not the assumption of Indifference curve Analysis?
- (a) The consumer is rational and possesses full information about all the aspects of economic environment



- (b) The consumer is not capable of ranking all combinations
- (c) If consumer prefers combination A to B, and B to C, then he must prefer combination A to C
- (d) If combination A has more commodities than combination B, then A must be preferred to B.
17. The horizontal demand curve parallel to x-axis implies that the elasticity of demand is
- (a) Zero
- (b) Infinite
- (c) Equal to one
- (d) Greater than zero but less than infinity
18. When is TP maximum
- (a) When AP becomes Zero
- (b) When MP becomes Zero
- (c) At the intersecting point of AP and MP
- (d) When MP is highest
19. Variable cost includes the cost of
- (a) Buying land and building
- (b) Hire charges of machinery
- (c) Insurance premium
- (d) Material bought
20. Which of the following is correct?
- (a) Marginal cost is always less than the average cost.
- (b) Marginal cost is always more than the average cost.
- (c) Marginal cost is always equal to the average cost at its minimum point.
- (d) Marginal cost is always equal to the average cost
21. When average cost curve is rising then, marginal cost
- (a) Must be decreasing
- (b) Must be above the average cost curve
- (c) Must be constant
- (d) Must be equal to average cost
22. A firm has variable cost of Rs. 1,000 at 5 units of output. If fixed cost are Rs. 400, what will be the average total cost at 5 units of output?



- (a) 380
(b) 280
(c) 60
(d) 400
23. The vertical difference between TVC and TC is equal to:
- (a) MC
(b) AVC
(c) TFC
(d) None of the above
24. The consumer is in equilibrium when:
- (a) When marginal utility is constant
(b) When marginal utility is greater than price of the good
(c) When marginal utility is less than price of the good
(d) When marginal utility is equal to price of the good
25. Capital is a :
- (a) Stock concept
(b) Flow Concept
(c) Both (a) and (b)
(d) None of the above
26. Which is not the function of an entrepreneur?
- (a) Initiating a business enterprise and resource co-ordination
(b) Risk bearing or uncertainty bearing
(c) Innovation
(d) Mobilisation of savings
27. A higher indifference curve shows:
- (a) A higher level of satisfaction
(b) A higher level of production
(c) A higher level of income
(d) None of the above



28. In case of an inferior good the income elasticity of demand is:
- (a) Zero
 - (b) Positive
 - (c) Negative
 - (d) None of the above
29. When quantity demanded changes by larger percentage than does price, elasticity is termed as:
- (a) Inelastic
 - (b) Elastic
 - (c) Perfectly Elastic
 - (d) Perfectly Inelastic
30. Marginal cost is defined as:
- (a) The change in total cost due to a one unit change in output
 - (b) Total cost divided by output
 - (c) The change in output due to a one unit change in an input
 - (d) Total product divided by the quantity of input
31. Indifference curve is convex to the origin due to:
- (a) Falling MRS
 - (b) Rising MRS
 - (c) Constant MRS
 - (d) None of the above
32. Which of the following is not included in the stages of capital formation?
- (a) Savings
 - (b) Mobilisation of Income
 - (c) Mobilisation of saving
 - (d) Investment
33. We mainly study the following in Micro Economics:
- (a) Location of a Industry
 - (b) Study of firms
 - (c) Factor pricing



- (d) All of the above
34. In perfect competition in the long run there will be _____
- (a) Normal Profits
 - (b) Super Normal Profit
 - (c) Less production
 - (d) Cost will be falling
35. A firm encounters its shut down point when:
- (a) Average total cost equal price at the profit maximizing level of output
 - (b) Average variable cost equals price at the profit maximizing level of output
 - (c) Average fixed cost equals price at the profit maximizing level of output
 - (d) Marginal cost equals price at the profit maximizing level of output
36. In which form of the market structure is the degree of control over the price of its product by a firm is very large?
- (a) Imperfect competition
 - (b) Monopoly
 - (c) Oligopoly
 - (d) Perfect competition
37. Which of the following statements is correct?
- (a) As normative science, Economics involves value judgments
 - (b) Robbins has made economics as a form of welfare economics
 - (c) The Law of Demand is always true
 - (d) None of the above
38. An economy achieves “productive efficiency” when:
- (a) The best quality goods are produced
 - (b) The highly skillful resources in the country are fully employed
 - (c) All resources are utilized and goods and services are produced at least cost
 - (d) None of the above
39. If the proportion of income spent on a goods decrease as income rises then income elasticity is:
- (a) Greater than one



- (b) Less than one
(c) One
(d) Zero
40. If two goods are totally unrelated, then cross elasticity between them is:
(a) Zero
(b) One
(c) Infinite
(d) None of the above
42. Which of the following is considered production in Economics?
(a) Teaching CA students in CA Institute by a teacher
(b) Singing a song before friends
(c) Flying kite for pleasure
(d) Teaching to friends in a library any concept of Economics

Use following table to answer questions 43-46

Quantity	Variable Cost	Fixed Cost	Total Cost	AVC	ATC	MC
0	0					
5	25					
10	470					
15	700					
20	980					
25	1350					
30	1850					
35	2520					
40	3400					
45	4530					
50	5950					

A firm operating in perfect competition sells as much as of its products as it chooses at a market price of Rs. 100 per unit. Its Fixed cost is Rs. 300 and its Variable cost for different levels of production are shown in the above table.

43. When production is 40 units, the average cost is:
(a) Rs. 4.40
(b) Rs. 7.50
(c) Rs. 85
(d) Rs. 92.50



44. In the table, marginal cost per unit that corresponds to 40 units of production is:
- (a) Rs. 22
 - (b) Rs. 85
 - (c) Rs. 176
 - (d) Rs. 880
45. To maximize profit the firm should produce:
- (a) 15 units
 - (b) 30 units
 - (c) 35 units
 - (d) 50 units
46. If the market price drops from Rs. 100 to Rs. 56 per unit, the firm's short run response should be
- (a) Shut down
 - (b) Produce 5 units
 - (c) Produce 20 units
 - (d) Continue to produce the same number of units as before the drop in price
47. The LAC curve
- (a) Falls when the LMC curve falls
 - (b) Rises when the LMC curve rises
 - (c) Goes through the lowest point of the LMC curve
 - (d) Falls when $LMC < LAC$ and rises when $LMC > LAC$
48. When we are studying how a producer fixes the price of his products we are studying
- (a) Macro Economics
 - (b) Micro Economics
 - (c) Both Micro and Marco Economics
 - (d) None of the above
49. Macro economics doesn't include one example from the following:
- (a) National Income and output
 - (b) Study of firms
 - (c) General Price Level
 - (d) Saving and Investment
50. Normal goods have:
- (a) Positive income elasticity
 - (b) Negative income elasticity
 - (c) Fluctuating income elasticity



- (d) Zero income elasticity
51. is an implicit cost of production
- (a) Wages of the labour
 - (b) Charges for electricity
 - (c) Interest on owned money capital
 - (d) Payment for raw material
52. Cardinal Measurability of utility means:
- (a) Utility can be measured
 - (b) Utility cannot be measured
 - (c) Utility can be ranked
 - (d) Utility can be measured in some case
53. Which of the following statement is false?
- (a) An indifference curve is concave to the origin
 - (b) An indifference curve is convex to the origin
 - (c) A higher indifference curve is better than a lower indifferent curve
 - (d) An indifference curve is a curve which represents all those combinations of two goods which give same satisfaction to the consumer.
54. Identify the factor which generally keeps the price-elasticity of a demand for a good high.
- (a) Its very high price
 - (b) Its very low price
 - (c) Large number of substitutes
 - (d) None of the above
55. Under which market structure, the control of firm over price is nil?
- (a) Perfect competition
 - (b) Monopoly
 - (c) Oligopoly
 - (d) Monopolistic Competition
56. If as a result of 80 percent increase in all inputs, the output increases by 25 percent, this is a case of:
- (a) Increasing return to scale
 - (b) Decreasing return to factor
 - (c) Decreasing returns to scale
 - (d) Diminishing return to factor
57. When marginal product is negative, then total product is:
- (a) Maximum



- (b) Decreasing
 - (c) Constant
 - (d) None of the above
58. Suppose that an owner is earning total revenue of Rs. 1,00,000 and is increasing explicit cost of Rs. 60,000. If the owner could work for another company for Rs. 30,000 a year, we would conclude that:
- (a) The firm is earning economic profit of Rs. 10,000
 - (b) The firm is earning accounting profit of Rs. 40,000
 - (c) The firm is earning economic profit of Rs. 40,000
 - (d) Both (a) and (b)
59. The four phases of the business cycle are
- (a) peak, recession, trough and boom
 - (b) peak, depression, trough and boom
 - (c) peak, recession, trough and recovery
 - (d) peak, depression, bust and boom.
60. Peaks and troughs of the business cycle are collectively known as:
- (a) Volatility
 - (b) Turning points
 - (c) Equilibrium points
 - (d) Real business cycle events.

PAPER – 4 PART II: BUSINESS AND COMMERCIAL KNOWLEDGE

QUESTIONS

Max. Marks: 40

1. The occupation in which people work for others and get remunerated in return is known as:
 - (a) Business
 - (b) Employment
 - (c) Profession
 - (d) None of these
2. The price sensitivity of the market is an important factor of which element of Micro environment:
 - (a) Suppliers
 - (b) Market
 - (c) Intermediaries
 - (d) Customer



3. Jayesh Merchant is the CFO of which company?
 - (a) Asian Paints Ltd.
 - (b) Ambuja cements Ltd.
 - (c) Bosch Ltd.
 - (d) Ultratech cement Ltd.
4. Which of the following institutions has been scrapped recently?
 - (a) Minerals and Metals Regulatory Commission
 - (b) Coal India Limited
 - (c) Planning Commission
 - (d) FIPB
5. When was IRDAI constituted?
 - (a) 1997
 - (b) 1998
 - (c) 1999
 - (d) 2000
6. 'Personal selling' is done through:
 - (a) Written communication
 - (b) Oral communication
 - (c) TV and media
 - (d) Sign language
7. The Indian Companies Act provides for the registration of:
 - (a) Private Limited and Public Company
 - (b) One Person Company and Small Company
 - (c) Defunct Company
 - (d) All of the above
8. Environment which is close to business and affect its capacity to work is known as _____ environment:
 - (a) Micro
 - (b) Macro
 - (c) Internal
 - (d) External
9. Where are the headquarters of Walmart?
 - (a) Arkansas, US



- (b) California, US
(c) New York, US
(d) None of the above
10. In case of Maruti-Suzuki, the Union Government surrendered partial ownership and sold the majority stake to Suzuki of Japan in course of time. This is a case of:
- (a) Partial Disinvestment
(b) Displacement
(c) Delegation
(d) Divestment
11. Where is the headquarter of NABARD?
- (a) Mumbai
(b) Delhi
(c) Gurugram
(d) Bengaluru
12. Bid is the opposite of
- (a) Ask/offer
(b) Call
(c) Equity
(d) None of the above
13. Mark Incorrect:
- (a) Business has only one motive; profit
(b) Plurality of the objective is a modern phenomenon
(c) Objective of survival & growth of business are called organic objectives
(d) In addition to economic motive, it may have non-economic motives like social, ethical or environmental
14. Which of the following constitute Demographic Environment?
- (a) Nature of economy i.e. capitalism, socialism, Mixed
(b) Size, composition, distribution of population, sex ratio
(c) Foreign trade policy of Government
(d) Economic policy i.e. fiscal and monetary policy of Government
15. Match the following:

Companies

Microsoft

Product

Coffee



Bajaj Windows
 Nestle Activa
 Jio Mobile phone service

- (a) Microsoft-Activa, Bajaj-Windows, Nestle-Coffee, Jio-Mobile phone service
 (b) Microsoft-Windows, Bajaj-Activa, Nestle-Coffee, Jio-Mobile phone service
 (c) Microsoft-Coffee, Bajaj-Windows, Nestle-Activa, Jio-Mobile phone service
 (d) Microsoft-Windows, Bajaj-Coffee, Nestle-Activa, Jio-Mobile phone service

16. Mark the Incorrect statement:

- (a) FDI is made with an intention of exercising control over an enterprise.
 (b) FDI is called Portfolio Investment.
 (c) FDI is a long run Investment.
 (d) FDI helps in upgradation of technology.

17. Which one is Not a function of RBI?

- (a) Monopoly of Note issue
 (b) Banker to the Government
 (c) Advancing loan to large business houses
 (d) Controller of Credit

18. Marketing mix includes 4 Ps and 4Cs. Match the following and prepare the proper combinations:

4 P's

Product

Price

Promotion

Place

4 C's

Convenience

Communication

Cost

Customers' satisfaction

- (a) Product-Communication, Price-Cost, Promotion- Customers' satisfaction, Place-Convenience
 (b) Product-Customer's satisfaction, Price-Cost, Promotion- Convenience, Place- Communication

Product- Convenience, Price-Cost, Promotion-Communication, Place- Customer's satisfaction

- (c) Product-Customer's satisfaction, Price-Cost, Promotion-Communication, Place-Convenience

19. Find out the incorrect:



- (a) Economic Activities are drive by nationality.
(b) Economic Activities are guided by self-interest.
(c) Non-Economic Activities are driven by emotional or sentimental force.
(d) Non-Economic Activities are not at all important in life.
20. SWOT refers to:
- (a) Strength, Worry, Option, Threat
(b) Strength, Weakness, Opportunity, Threat
(c) Strong, Weak, Option, Threat
(d) Strong, Weakness, Opportunity, Think
21. Which one of the following is NOT a FMCG company?
- (a) ITC
(b) Dabour
(c) HUL
(d) Maruti
22. Mark incorrect as Globalization refers to:
- (a) Encouraging regional economic cooperation.
(b) Integrating the world into one economic global village.
(c) It pares the way for higher factor mobility.
(d) Drawing countries out of their insulation.
23. Which of the following is NOT a function of RBI?
- (a) Monopoly of Note issue
(b) Banker to the Government
(c) Advancing loan to large business houses
(d) Controller of Credit
24. Which of the following is incorrect?
- (a) Arbitrage is simultaneous purchase and sale of a commodity.
(b) Current assets are those which can be turned into cash within a year.
(c) Intangible assets are those which do not have physical form. They are in the form of rights.
(d) Break-even point is also called an optimum point of a firm.
25. The maximum number of members of a public company is:
- (a) 07



- (b) 50
(c) No limit
(d) 200
26. What is the single word that can best describe today's business?
(a) Technology
(b) Change
(c) Persistence
(d) Profit making
27. Who was the co-founder of Microsoft with Bill Gates?
(a) Paul Allen
(b) Melinda Gates
(c) Satya Nadella
(d) Lucci Hood
28. BRICS stands for:
(a) Belgium, Russia, Indonesia, China and Saudi Arabia
(b) Belgium, Russia, India, Cambodia and Saudi Arabia
(c) Brazil, Russia, India, China and South Africa
(d) Brazil, Romania, India, Cambodia and South Africa
29. Which one of the following is an Indian Regulatory Body that facilitates business organizations?
(a) EXIM Bank
(b) NABARD
(c) IRDA
(d) IFCI
30. When two or more companies come together to expand their business operations in a newly created entity.
(a) Joint venture
(b) Acquisition
(c) Partnership
(d) Merger
31. Mark the Correct:
(a) Hindu Succession Act, 1956 is applicable in HUF.
(b) LLP firm may be constituted on basis of LLP Act 2009.



- (c) A dormant company registered under Companies Act, 2013.
- (d) All are correct.
32. PESTLE refers to:
- (a) Political, Economic, Social, Technological, Legal & Environmental factors affecting business.
- (b) All these are external factors.
- (c) All these constitute macro environment.
- (d) All of the above.
33. Which company ranked 3rd on Forbes World's Best Employer's List 2018?
- (a) Google
- (b) Walmart
- (c) Microsoft
- (d) Apple
34. 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.
35. 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
36. What is consolidation?
- (a) It is an expense that is supposed to reflect the loss in value of a fixed asset.
- (b) combination of two or more entities that occurs when the entities transfer all their net assets to a new entity created for that purpose.
- (c) Potential liability arising from a past transaction or a subsequent event.
- (d) Costs that can be attributed clearly to the activity you are considering.
37. Which of the following statements distinguishes business from entrepreneurship?
- (a) Entrepreneurs are the business owners too
- (b) All business owners are entrepreneurs too
- (c) Entrepreneurs seek out new opportunities and pursue innovative business ideas



- (d) (a) and (b)
38. Business and technology are:
- Interrelated
 - Interdependent
 - Interrelated & Interdependent
 - None of the above
39. Which pharmaceutical company has the slogan 'caring for life'?
- Dr. Reddy's
 - Lupin Ltd.
 - Cipla Ltd.
 - Sun Pharmaceutical Industries Ltd.
40. Public policies are of three types:
- Restrictive, Regulatory, Participative
 - Restrictive, Regulatory, Facilitating
 - Voluntarily, Participative, Facilitating
 - Regulatory, Voluntarily, Continuous

est Series: April, 2019

FOUNDATION COURSE

MOCK TEST PAPER 2

PAPER – 4: PART I : BUSINESS ECONOMICS

ANSWERS

1	d	11	a	21	c	31	a	41	a	51	c
2	c	12	a	22	b	32	a	42	a	52	a
3	d	13	b	23	b	33	b	43	d	53	a
4	c	14	d	24	c	34	d	44	c	54	c
5	a	15	b	25	d	35	a	45	b	55	a
6	d	16	c	26	a	36	b	46	c	56	c
7	a	17	b	27	d	37	b	47	d	57	b
8	d	18	b	28	a	38	a	48	b	58	d
9	b	19	b	29	c	39	c	49	b	59	c
10	d	20	d	30	b	40	b	50	a	60	b



PAPER – 4 PART II: BUSINESS AND COMMERCIAL KNOWLEDGE

ANSWERS

1	2	3	4	5	6	7	8	9	10
(b)	(b)	(a)	(c)	(c)	(b)	(d)	(c)	(a)	(d)

11	12	13	14	15	16	17	18	19	20
(a)	(a)	(a)	(b)	(b)	(b)	(c)	(d)	(d)	(b)
21	22	23	24	25	26	27	28	29	30
(d)	(a)	(c)	(d)	(c)	(b)	(a)	(c)	(c)	(d)
31	32	33	34	35	36	37	38	39	40
(d)	(d)	(d)	(c)	(a)	(b)	(c)	(c)	(c)	(b)



Test Series: March, 2019

FOUNDATION COURSE

MOCK TEST

PAPER

**PAPER – 4 : BUSINESS ECONOMICS AND
BUSINESS AND COMMERCIAL
KNOWLEDGE**

PART I: BUSINESS ECONOMICS

QUESTIONS

Max. Marks: 60

1. In the case of a straight line demand curve meeting the two axes, the price elasticity of demand at y-axis of the line would be equal to
 - (a) 1
 - (b) infinity
 - (c) 3
 - (d) 1.25
2. A firm under perfect competition will be making minimum losses (in the short run) at a point where:
 - (a) $MC > MR$
 - (b) $MR > MC$
 - (c) $MC = MR$
 - (d) $AC = AR$
3. When the consumer is in equilibrium his price line is _____ to indifference curve
 - (a) Parallel
 - (b) At right angle
 - (c) Diagonally opposite
 - (d) Tangent
4. The Law of variable proportions examines the Production function with:
 - (a) One factor variable and only one factor fixed
 - (b) One factor variable keeping quantities of other factors fixed



- (c) All factors variable
(d) None of the above
5. Indifference Curve analysis is based on
- (a) Ordinal utility
(b) Cardinal utility
(c) Marginal utility
(d) None of the above
6. MC curve cuts AVC Curve
- (a) At its falling point
(b) At its minimum Point
(c) At its rising point
(d) At different points
7. Accounting profit is equal to:
- (a) Total Revenue - Total variable cost
(b) Total Revenue - Total direct cost
(c) Total Revenue - Total Cost
(d) Total Revenue - Total Explicit cost and Total Implicit Cost.
8. Which of the following is a cause of an economic problem?
- (a) Scarcity of Resources
(b) Unlimited wants
(c) Alternative uses
(d) All of the above
9. When two goods are perfect substitutes of each other then
- (a) MRS is falling
(b) MRS is rising
(c) MRS is constant
(d) None of the above
10. In case of a Giffen good, the demand curve will be:
- (a) Horizontal
(b) Downward - sloping to the right



- (c) Vertical
(d) Upward - sloping
11. Which of the following statements is incorrect?
- (a) The services of doctors, lawyers, teachers etc. are termed as production
(b) Man cannot create matter
(c) Accumulation of capital does not depend solely on income
(d) None of the above
12. In perfect competition utilization of resources is
- (a) Partial
(b) Moderate
(c) Full
(d) Over
13. Price discrimination occurs when:
- (a) Producer sells a specific commodity or service to different buyers for the same price
(b) Producer sells specific commodity or service to different buyers at two or more different prices due to difference in cost
(c) Producer sells a specific commodity or service to different buyers at two or more different prices for reasons not associate with difference in cost
(d) Producer under perfect competition sells different goods to consumers at different prices
14. MR curve under Monopoly lies between AR and Y - axis because, the rate of decline of the MR is
- (a) Just half of the rate of decline of AR
(b) Just equal to the rate of decline of AR
(c) Just triple the rate of decline of the average revenue
(d) Just double the rate of decline of the average revenue
15. In the long run, normal profits are included in the _____ curve.
- (a) LAC
(b) LMC
(c) AFC
(d) SAC



16. Calculate Income-elasticity for the household when the income of a household rises by 10% the demand for T.V. rises by 20%
- (a) + .5
 - (b) -.5
 - (c) + 2
 - (d) -2
17. In case of necessities the marginal utilities of the earlier units are large. In such cases the consumer surplus will be:
- (a) infinite
 - (b) Zero
 - (c) Marginally positive
 - (d) Marginally Negative
18. Which of the following is not the characteristic of Labour?
- (a) Labour is highly 'Perishable' in the sense that a day's labour lost cannot be completely recovered
 - (b) Labour is inseparable from the labourer himself
 - (c) Labour has a strong bargaining power
 - (d) The supply of labour and wage rate are directly related in the initial stages
19. Indicate which of the following is a variable cost?
- (a) Payment of rent on building
 - (b) Cost of Machinery
 - (c) Interest payment on Loan taken from bank
 - (d) Cost of raw material
20. Marginal costs are closely associated with:
- (a) Variable cost
 - (b) Total fixed cost
 - (c) Average cost
 - (d) Total cost
21. Economic cost means



- (a) Accounting cost + Implicit cost
(b) Accounting cost + Marginal cost
(c) Cash cost + Opportunity cost
(d) Implicit cost
22. When is average product at its maximum point?
(a) When AP intersects MP
(b) When AP intersects TP
(c) When MP is highest
(d) At the point of inflexion
23. A firm has producing 7 units of output has an average total cost of Rs. 150 and has to pay Rs. 350 to its fixed factors of production whether it produces or not. How much of the average total cost is made up of variable cost?
(a) 200
(b) 50
(c) 300
(d) 100
24. Calculate Income-elasticity for the household when the income of a household rises by 5% and the demand for bajra falls by 2%
(a) + 2.5
(b) - 2.5
(c) -.4
(d) +.4
25. The consumer surplus concept is derived from:
(a) Law of demand
(b) Indifference curve analysis
(c) Law of diminishing marginal utility
(d) All of above
26. The cost that firm incurs in hiring or purchasing any factor of production is referred as:
(a) Explicit cost
(b) Implicit cost
(c) Variable cost



- (d) Fixed cost
27. _____ depicts complete picture of consumer tastes and preferences.
- (a) Budget line
 - (b) Average cost curve
 - (c) Indifference map
 - (d) Marginal revenue curve
28. When economists speak of utility of a certain good, they are referring to:
- (a) the demand for the good
 - (b) The usefulness of the good in consumption
 - (c) the expected satisfaction derived from the consumption of good.
 - (d) The rate at which consumers are willing to exchange one good for another
29. Diminishing marginal returns imply:
- (a) Decreasing average variable cost
 - (b) Decreasing marginal cost
 - (c) Increasing marginal cost
 - (d) Decreasing average fixed cost
30. If the goods are perfect substitutes for each other then cross elasticity is
- (a) Infinite
 - (b) One
 - (c) Zero
 - (d) None of the above
31. Consumer Surplus is:
- (a) What a consumer is ready to pay + what he actually pays
 - (b) What a consumer is ready to pay - what he actually pays
 - (c) What he actually pays - what a consumer is ready to pay
 - (d) None of the above
32. Which of the following statements is correct?



- (a) Monopolist can earn only profits
 - (b) Firms in a perfectly competitive market are price maker
 - (c) Industry in a perfectly competitive market is a price taker
 - (d) AR curve and demand curve are same
33. Soap industry is an example of:
- (a) Oligopoly
 - (b) Perfect competition
 - (c) Monopolistic competition
 - (d) Monopoly
34. When price is less than average variable cost at the profit maximizing level of output, a firm should :
- (a) Shut down, since it cannot recover its variable cost
 - (b) Produce where $MC = MR$, if operating in short run
 - (c) Produce where $MC = MR$, if operating in long run
 - (d) None of the above
35. For the Price taking firm:
- (a) Marginal Revenue is less than price
 - (b) Marginal revenue is greater than price
 - (c) The relationship between marginal revenue and price is not clear
 - (d) Marginal revenue is equal to average revenue
36. Economic goods are goods which:
- (a) Cannot be increased in quantity
 - (b) Obey the law of Micro Economics
 - (c) Are limited in supply and are scarce
 - (d) Are limited to man-made goods.
37. Which of the following means an Economic activity?
- (a) Production of Goods
 - (b) Production of Services
 - (c) Consumption of Goods and Services
 - (d) All of the above



38. Which economy is now a myth only, as no country in the world is having that type of economy?
- Capitalist Economy
 - Socialist Economy
 - Mixed Economy
 - None of the above

Use table to answer question 39-42

Mohan sweets is a small restaurant and a price taker. The table below provides the data of Mohan's Sandwich output and costs in Rupees

Quantity	TC	TFC	TVC	AVC	AC	MC
0	100					
10	210					
20	300					
30	400					
40	540					
50	790					
60	1060					

39. If Sandwiches are being sold for Rs. 14 each, what is Mohan's profit maximizing level of output?
- 10 Sandwiches
 - 40 Sandwiches
 - 50 Sandwiches
 - 60 Sandwiches
40. What is the total variable cost when 60 sandwich are produced?
- Rs. 690
 - Rs. 960
 - Rs. 110
 - Rs. 440
41. What is the average fixed cost when 20 sandwiches are produced?
- Rs. 5



- (b) Rs. 3.33
(c) Rs. 10
(d) Rs. 2.5
42. Between 10 to 20 sandwiches, what is the marginal cost per sandwich?
(a) Rs. 11
(b) Rs. 13
(c) Rs. 14
(d) Rs. 9
43. If decreasing returns to scale are present, then if all inputs are increased by 10% then:
(a) Output will increase by less than 10%
(b) Output will increase by 10%
(c) Output will decrease by 10%
(d) Output will increase by more than 10%
44. Effective Demand depends on:
(a) Desire
(b) Means to purchase
(c) Willingness to use those means
(d) All of the above
45. Quantity demanded is a:
(a) Flow Concept
(b) Stock Concept
(c) Both (a) and (b)
(d) None of the above
46. If two goods are complementary, like pen and ink, then the cross elasticity is:
(a) Positive
(b) Zero
(c) Negative



- (d) Less than one
47. If the price of Banana rises from Rs. 30 per dozen to Rs. 40 per dozen and the supply increases from 240 dozen to 300 dozens elasticity of supply is:
- (a) .7
(b) -.67
(c) .65
(d) .77
48. If as a result of 90 percent increase in all inputs, the output increase by 75 percent this is a case of
- (a) Increasing return of a factor
(b) Decreasing return to a factor
(c) Diminishing return to scale
(d) None of the above
49. At shut down point:
- (a) Price is equal to AVC
(b) Total revenue is equal to TVC
(c) Total loss of the firm is equal to TFC
(d) All of the above
50. Excess Capacity is the essential characteristic of the firm in the market form of:
- (a) Monopoly
(b) Perfect competition
(c) Monopolistic competition
(d) Oligopoly
51. If a good is priced at Rs. 180 p.u. and its price is increased to Rs. 240 p.u. Now suppose quantity demanded previously was 100 units and as a result of price increase, the quantity demanded fell to 80 units. What is the price elasticity?
- (a) .777
(b) 1.4
(c) 1
(d) .8



52. Macroeconomics is the study of:
- (a) Inflation
 - (b) Unemployment
 - (c) Growth
 - (d) All of the above
53. All of the following are U-shaped curves except the:
- (a) AVC curve
 - (b) AFC curve
 - (c) AC curve
 - (d) MC curve
54. A horizontal supply curve parallel to the quantity axis implies that the elasticity of supply is:
- (a) Infinite
 - (b) Zero
 - (c) Equal to one
 - (d) Greater than zero but less than one
55. Lesser production of _____ would lead to lesser production in future
- (a) Public goods
 - (b) Consumer goods
 - (c) Agricultural goods
 - (d) Capital goods
56. A condition needed for a perfectly competitive industry to exist is that:
- (a) Buyers are able to influence the price of the commodity
 - (b) Any units of commodity are considered by buyers to be different
 - (c) Buyer discriminates in their purchases based on non-price factors.
 - (d) There are no obstacles to the free mobility of resources
57. If the price of petrol rises by 25% and demand for car falls by 40% then, cross elasticity between petrol and car is:
- (a) -1.6



- (b) 1.6
c) -2.6
(d) 2.6
58. Assume that when price is Rs. 40 quantity demanded is 9 units, and when price is Rs. 38, quantity demanded is 10 units. Based on this information, what is the marginal revenue resulting from an increase in output from 9 units to 10 units?
- (a) Rs. 20
(b) Rs. 40
(c) Rs.38
(d) Rs. 1
59. Which of the following is not a variable in the index of leading indicators?
- (a) New consumer goods order
(b) Delayed deliveries
(c) New building permits
(d) Prime rate
60. When aggregate economic activity is increasing the economy is said to be in
- (a) An expansion
(b) a contraction
(c) A peak
(d) A turning point.

PART II: BUSINESS AND COMMERCIAL KNOWLEDGE

QUESTIONS

Max. Marks: 40

1. Mark the Correct:
- (a) Hindu Succession Act, 1956 is applicable in HUF.
(b) LLP firm may be constituted on basis of LLP Act 2009.
(c) A dormant company registered under Companies Act, 2013.
(d) All are correct.
2. PESTLE refers to:
- (a) Political, Economic, Social, Technological, Legal & Environmental factors affecting business.



- (b) All these are external factors.
 - (c) All these constitute macro environment.
 - (d) All of the above.
3. Larsen & Toubro ranked-----on Forbes World's Best Employer's List 2018.
- (a) 102nd
 - (b) 82nd
 - (c) 52nd
 - (d) 22nd
4. 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.
5. 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
6. What is consolidation?
- (a) It is an expense that is supposed to reflect the loss in value of a fixed asset.
 - (b) combination of two or more entities that occurs when the entities transfer all their net assets to a new entity created for that purpose.
 - (c) Potential liability arising from a past transaction or a subsequent event.
 - (d) Costs that can be attributed clearly to the activity you are considering.
7. Which of the following statements distinguishes business from entrepreneurship?
- (a) Entrepreneurs are the business owners too
 - (b) All business owners are entrepreneurs too
 - (c) Entrepreneurs seek out new opportunities and pursue innovative business ideas
 - (d) (a) and (b)



8. Business and technology are:
 - (a) Interrelated
 - (b) Interdependent
 - (c) Interrelated & Interdependent
 - (d) None of the above
9. Which pharmaceutical company has the slogan 'caring for life'?
 - (a) Dr. Reddy's
 - (b) Lupin Ltd.
 - (c) Cipla Ltd.
 - (d) Sun Pharmaceutical Industries Ltd.
10. Public policies are of three types:
 - (a) Restrictive, Regulatory, Participative
 - (b) Restrictive, Regulatory, Facilitating
 - (c) Voluntarily, Participative, Facilitating
 - (d) Regulatory, Voluntarily, Continuous
11. How many members of SEBI should be from RBI?
 - (a) 4
 - (b) 3
 - (c) 1
 - (d) 2
12. A portion of the after-tax profits paid out to the owners of a business as a return on their investment is:
 - (a) Dividend
 - (b) Expense
 - (c) Expenditure
 - (d) Deferred income
13. Which of the following is NOT an economic objective of the firm?
 - (a) Sales growth
 - (b) Improvement in market share
 - (c) Profits and return on investment



- (d) Conservation of natural resources
14. Mark incorrect: Partnership implies
- (a) Contractual ownership of business
 - (b) Liability of partner is limited to the extent of one's share capital
 - (c) The contract is an agreement enforceable at law is called deed
 - (d) Deed may be registered in India under the Partnership Act, 1932
15. Who is the present CFO of Adani Ports and Special Economic Zone Limited?
- (a) B Ravi
 - (b) Deepak Maheshwari
 - (c) Anand D. Lal
 - (d) Jayesh Merchant
16. 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.
17. Economic Reforms introduced in India in 1992 are called LPG, that refers to
- (a) Liquidation of loss making units
 - (b) Popularise Public private partnership
 - (c) Good governance
 - (d) None of the above
18. Setting low prices in order to discourage or deter potential new entrants to the suppliers market:
- (a) Pre-Emptive Pricing
 - (b) Price Sensitivity
 - (c) Price Discrimination
 - (d) Price Elasticity
19. Find out the incorrect:



- (a) Economic Activities are drive by nationality.
- (b) Economic Activities are guided by self interest.
- (c) Non-Economic Activities are driven by emotional or sentimental force.
- (d) Non-Economic Activities are not at all important in life.
20. SWOT refers to:
- (a) Strength, Worry, Option, Threat
- (b) Strength, Weakness, Opportunity, Threat
- (c) Strong, Weak, Option, Threat
- (d) Strong, Weakness, Opportunity, Think
21. Which one of the following is NOT a FMCG company?
- (a) ITC
- (b) Dabour
- (c) HUL
- (d) Maruti
22. Mark incorrect as Globalization refers to:
- (a) Encouraging regional economic cooperation.
- (b) Integrating the world into one economic global village.
- (c) It pares the way for higher factor mobility.
- (d) Drawing countries out of their insulation.
23. Which of the following is NOT a function of RBI?
- (a) Monopoly of Note issue
- (b) Banker to the Government
- (c) Advancing loan to large business houses
- (d) Controller of Credit
24. Which of the following is incorrect?
- (a) Arbitrage is simultaneous purchase and sale of a commodity.
- (b) Current assets are those which can be turned into cash within a year.
- (c) Intangible assets are those which do not have physical form. They are in the form of rights.
- (d) Break-even point is also called an optimum point of a firm.



25. The Indian Companies Act, 2013 provides for the registration of:
- (a) Private Limited and Public Limited Company
 - (b) One Person Company and Small Company
 - (c) Defunct Company
 - (d) All of the above
26. The businesses should continuously _____ and _____ to the environment if it is to service and prosper.
- (a) Identify, appraise
 - (b) Monitor, adapt
 - (c) Identify, monitor
 - (d) Monitor, appraise
27. Which company ranked 1st in Fortune 500 Companies list in 2018?
- (a) Apple
 - (b) Walmart
 - (c) Microsoft
 - (d) United Health Group
28. Reforms in Dowry Act and Divorce Act are the examples of:
- (a) Economic Reforms
 - (b) Cultural Reforms
 - (c) Commercial Reforms
 - (d) Socio-cultural Reforms
29. Where can the first appeal against SEBI be made?
- (a) High Court
 - (b) Supreme Court
 - (c) Securities Appellate Tribunal
 - (d) RBI
30. Which one is not correct about Bank rate?
- (a) It is a quantitative measure.
 - (b) It differs from repo rate.



- (c) It is also known as discount rate.
- (d) It influences credit availability to particular sector.
31. A HUF cannot comprise members of a:
- (a) Hindu & Sikh family
- (b) Parsi family
- (c) Buddhist family
- (d) Muslim family
32. The term PESTLE analysis is used to describe a framework for analyzing:
- (a) Macro Environment
- (b) Micro Environment
- (c) Both Macro and Micro Environment
- (d) None of above
33. Indane LPG is the product of which corporation in India?
- (a) IOCL
- (b) NTPC
- (c) ONGC
- (d) PGCIL
34. Simplification of trade restrictions related to import is an example of:
- (a) Globalization
- (b) Privatization
- (c) Disinvestment
- (d) Aggregation
35. The RBI has been vested with extensive power to control and supervise commercial banking system under the-
- (a) Reserve Bank of India Act, 1934
- (b) The Banking Regulation Act, 1949
- (c) Both (a) and (b)
- (d) The Companies Act, 2013
36. _____ is a strategy that is used to minimize the risk of a particular investment and maximize the returns of an investment.



- (a) Cap
 - (b) Encryption
 - (c) Hedge
 - (d) Term insurance
37. Under the income tax Act, A HUF cannot earn income from:
- (a) House property
 - (b) Salary
 - (c) Profits
 - (d) Other sources
38. Which of the following is an economic activity:
- (a) Social interest
 - (b) Social security
 - (c) Selfless concern
 - (d) Self interest
39. In the Forbes World's Largest Public Corporations List 2018, APPLE ranked:
- (a) 2nd
 - (b) 8th
 - (c) 4th
 - (d) 6th
40. Identify the sector where, FDI is NOT permitted:
- (a) Automobile
 - (b) Infrastructure
 - (c) Textile
 - (d) Atomic energy



Test Series: March, 2019

**FOUNDATION COURSE
MOCK TEST PAPER
PAPER – 4 PART I: BUSINESS ECONOMICS
ANSWER
S**

1	B	11	D	21	A	31	B	41	A	51	A
2	C	12	C	22	A	32	D	42	D	52	D
3	D	13	C	23	D	33	C	43	A	53	B
4	B	14	D	24	C	34	A	44	D	54	A
5	A	15	A	25	C	35	D	45	A	55	D
6	B	16	C	26	A	36	C	46	C	56	D
7	C	17	A	27	C	37	D	47	D	57	A
8	D	18	C	28	C	38	B	48	C	58	A
9	C	19	D	29	C	39	B	49	D	59	D
10	D	20	A	30	A	40	B	50	C	60	A

PART II: BUSINESS AND COMMERCIAL KNOWLEDGE

1	(d)	11	(c)	21	(d)	31	(d)
2	(d)	12	(a)	22	(a)	32	(a)
3	(d)	13	(d)	23	(c)	33	(a)
4	(c)	14	(b)	24	(d)	34	(a)
5	(a)	15	(b)	25	(d)	35	(c)
6	(b)	16	(c)	26	(b)	36	(c)
7	(c)	17	(d)	27	(b)	37	(b)
8	(c)	18	(a)	28	(d)	38	(d)
9	(c)	19	(d)	29	(c)	39	(b)
10	(b)	20	(b)	30	(d)	40	(d)



FOUNDATION COURSEMOCK TEST PAPER 1

PAPER – 4: PART I : BUSINESS ECONOMICS Test Series: October, 2019

The implication that resource scarcity have for **Max.**
Marks : 60

1. the satisfaction of wants are-
 - (a) Not all wants can be satisfied
 - (b) We will never be faced with the need to make choices
 - (c) We must develop ways to decrease our individual wants
 - (d) The discovery of new natural resources is necessary to increase our ability to satisfy wants
2. A normative economic statement is-
 - (a) Unemployment rate decreases with industrialization
 - (b) Economics is a social science that studies human behaviour
 - (c) The minimum wage should be raised to ` 200/- per day
 - (d) India spends a huge amount of money on national defence
3. Administered prices refer to-
 - (a) Price determined by forces of demand and supply
 - (b) Price determined by sellers in the market
 - (c) Prices determined by an external authority which is usually the government
 - (d) None of the above
4. A downward movement along a demand curve indicate-
 - (a) Increase in demand
 - (b) Decrease in demand
 - (c) Contraction of demand
 - (d) Expansion of Demand
5. If price of automobiles increases by 10% and supply increases by 25%. The elasticity of supply is-
 - (a) 2.5
 - (b) 0.4
 - (c) -2.5



- (d) -0.4
6. The consumer is in equilibrium at a point where the budget line-
- (a) Is above an indifference curve
 - (b) Is below an indifference curve
 - (c) Is tangent to an indifference curve
 - (d) Cuts an indifference curve
7. The second glass of water gives lesser satisfaction to a thirsty boy. This is a clear case of-
- (a) Law of demand.
 - (b) Law of diminishing returns.
 - (c) Law of diminishing utility.
 - (d) Law of supply.
8. When the price of commodity increases by 40% and its quantity demanded falls from 150 to 120 units , then the price elasticity of demand for a commodity is-
- (a) -0.8%
 - (b) 0.8%
 - (c) 0.5%
 - (d) -0.5%
9. If the consumer consumes only one commodity X , he will be in equilibrium when-
- (a) $MU_x > P_x$
 - (b) $MU_x < P_x$
 - (c) $MU_x = P_x$
 - (d) None of these
10. Identify the coefficient of price-elasticity of demand when the percentage increase in the quantity of a good demanded is smaller than the percentage fall in its price-
- (a) Equal to one
 - (b) Greater than one
 - (c) Smaller than one
 - (d) Zero
11. If a good is a luxury, its income elasticity of demand is-
- (a) positive and less than 1
 - (b) negative but greater than -1



- (c) positive and greater than 1
(d) Zero
12. A consumer demands 5 units of a commodity at the price of Rs. 4 per unit. He demands 10 units when the price falls to Rs 3 per unit. Price elasticity of demand is equal to-
- (a) 3
(b) 2
(c) 1.5
(d) 4
13. Availability of close substitutes makes the demand-
- (a) Less elastic
(b) More elastic
(c) Parallel to X axis
(d) Parallel to Y axis
14. The supply curve for perishable commodities is-
- (a) elastic
(b) inelastic
(c) perfectly elastic
(d) perfectly inelastic
15. The slope of consumer's budget line is -
- (a) Positive and constant
(b) Negative and decreasing
(c) Negative and constant
(d) Positive and increasing
16. Demand for water is -
- (a) Elastic
(b) Inelastic
(c) Perfectly elastic
(d) Relatively elastic
17. Inferior goods are those goods whose income effect is-
- (a) Negative
(b) Positive



- (c) Zero
(d) None of these
18. Suppose income elasticity of bread is 0.25, its means that bread is-
- (a) Inferior goods
(b) Luxury goods
(c) Normal goods
(d) Can't say
19. The supply curve shifts to the right because of-
- (a) Improved technology
(b) Increased price of factors of production
(c) Increased excise duty
(d) All of the above
20. If the demand is more than supply, then the pressure on price will be-
- (a) Upward
(b) Downward
(c) Constant
(d) None of the above
21. Which of the following goods has inelastic demand-
- (a) Salt
(b) Food grains
(c) Medicines
(d) All of the above
22. Demand for pepsi is elastic because-
- (a) Its falls under luxuries
(b) Its consumption can be postponed
(c) Its substitutes are available in the market
(d) It is a multiple use product
23. A good which cannot be consumed more than once is known as-
- (a) durable good
(b) non-durable good
(c) producer good



- (d) none of the above
24. A consumer of two goods X and Y is in equilibrium. The price of good X is Rs. 10 and price of the good Y is Rs. 20 respectively. If the MU_x is 60 utils, then the MU_y is-
- (a) 30 utils
(b) 20 utils
(c) 60 utils
(d) 6 utils
25. The slope of indifference curve is given by-
- (a) Budget line
(b) Marginal rate of transformation
(c) Marginal rate of substitution
(d) None of these
26. In the third phase of Law of variable proportions, MP becomes-
- (a) Zero
(b) Negative
(c) Positive
(d) None of these
27. Law of variable proportion is related to-
- (a) Short-run
(b) Long-run
(c) Both a and b
(d) Very short run
28. When Marginal product is zero, then Total product is -
- (a) Zero
(b) Falling
(c) Rising
(d) Maximum
29. Long run production function related to-
- (a) Returns to a factor
(b) Returns to scale
(c) Both a and b
(d) None of these



30. Diminishing returns occur-
- (a) When units of a variable input are added to a fixed input and total product falls
 - (b) When units of a variable input are added to a fixed input and marginal product falls
 - (c) When the size of the plant is increased in the long run.
 - (d) When the quantity of the fixed input is increased and returns to the variable input falls.
31. In the production of wheat, all of the following are variable factors that are used by the farmer except-
- (a) The seed and fertilizer used when the crop is planted
 - (b) The field that has been cleared of trees and in which the crop is planted
 - (c) The tractor used by the farmer in planting and cultivating not only wheat but also corn and barley
 - (d) The number of hours that the farmer spends in cultivating the wheat fields
32. When total product is 200 units and units of variable factor are 8, average product will be -
- (a) 25
 - (b) 1600
 - (c) 96
 - (d) 60
33. Economic costs includes-
- (a) Accounting costs
 - (b) Implicit costs
 - (c) Both a and b
 - (d) None of above
34. Which of the following cost curve is termed as a rectangular hyperbola-
- (a) TVC curve
 - (b) AVC Curve
 - (c) TFC curve
 - (d) AFC curve
35. The total cost of producing 30 units of output is Rs. 300. If average fixed cost at this level of output is Rs. 7, then the total variable cost will be -
- (a) Rs. 160
 - (b) Rs. 140



- (c) Rs. 90
(d) Rs. 120
36. Total costs is the vertical summation of -
(a) TFC and TVC
(b) AFC and AVC
(c) TVC and AVC
(d) None of these
37. Example of Fixed cost is-
(a) Electricity bill
(b) Interest on loans
(c) Expenses on raw material
(d) Wages of daily workers
38. TVC can be calculate as-
(a) AVC/Q
(b) $TC-TFC$
(c) $AC-AFC$
(d) None of these
39. The long run average cost curve is also called -
(a) Envelope curve
(b) Plant curve
(c) Both a and b
(d) None of these
40. Economies of scale exist because as a firm increases its size in the long run-
(a) Labour and management can specialize in their activities more
(b) As a larger input buyer, the firm can get finance at lower cost and purchase inputs at a lower per unit cost.
(c) The firm can afford to employ more sophisticated technology in production
(d) All of these
41. Example of variable cost is -
(a) Salary of permanent staff
(b) Rent of premises
(c) License fees



- (d) Wages
42. When average revenue is Rs.30 and output is equal to 50 units total revenue will be -
- (a) 2500
 - (b) 1500
 - (c) 1800
 - (d) 2000
43. The Average revenue and price are always equal under-
- (a) Monopoly
 - (b) Monopolistic competition
 - (c) Perfect competition
 - (d) All market forms
44. If total revenue of a firm increases by Rs 65025 due to an increase in sale of good X from 60 units to 75 units , then marginal revenue will be -
- (a) 3000
 - (b) 4335
 - (c) 4000
 - (d) 3335
45. 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
46. Product differentiation is a key feature of-
- (a) Perfect competition
 - (b) Oligopoly
 - (c) Monopoly
 - (d) Monopolistic competition
47. A market induces cartel is -
- (a) Perfect competition
 - (b) Monopoly
 - (c) Oligopoly



- (d) None of these
48. In the context of oligopoly, the kinked demand hypothesis is designed to explain -
- (a) Price and output determination
 - (b) Price rigidity
 - (c) Price leadership
 - (d) Collusion among rivals
49. A combination of monopoly market and a monopsony market is known as-
- (a) Duopoly
 - (b) Monopsony
 - (c) Oligopsony
 - (d) Bilateral monopoly
50. A firm encounters its “shutdown point” when-
- (a) Average total cost equals price at the profit-maximising level of output
 - (b) Average variable cost equals price at the profit-maximising level of output
 - (c) Average fixed cost equals price at the profit-maximising level of output
 - (d) Marginal cost equals price at the profit-maximising level of output
51. Homogeneous product are sold under-
- (a) Collusive oligopoly
 - (b) Non-collusive oligopoly
 - (c) Perfect oligopoly
 - (d) Imperfect oligopoly
52. A market structure in which many firms sell products that are similar but not identical is known as-
- (a) Monopolistic competition
 - (b) Monopoly
 - (c) Perfect competition
 - (d) Oligopoly
53. In a very short period market-
- (a) The supply is fixed
 - (b) The demand is fixed
 - (c) Demand and supply are fixed
 - (d) None of the above



54. A monopolist is a-
- (a) Price maker
 - (b) Price -taker
 - (c) Price adjuster
 - (d) None of the above
55. The term business cycle refers to-
- (a) The ups and downs in production of commodities
 - (b) The fluctuation levels of economic activity over a period of time
 - (c) Decline in economic activities over prolonged period of time
 - (d) Increasing unemployment rate and diminishing rate of savings
56. The lowest point in the business cycle is referred as the -
- (a) Expansion
 - (b) Boom
 - (c) Peak
 - (d) Trough
57. A indicator which occur simultaneously with the business cycle movements is-
- (a) Lagging indicator
 - (b) Coincident indicator
 - (c) Leading indicator
 - (d) None of these
58. Example of Lagging indicator is-
- (a) Corporate profits
 - (b) Interest rates
 - (c) Consumer price index
 - (d) All of these
59. "Trade cycle is a purely monetary phenomenon", according to-
- (a) Pigou
 - (b) Hawtrey
 - (c) Keynes
 - (d) Schumpeter



60. When aggregate economic activity is declining, the economy is said to be in-

- (a) Contraction
- (b) An Expansion
- (c) Trough
- (d) Turning point

**PAPER – 4 PART II: BUSINESS AND
COMMERCIAL KNOWLEDGE**

**QUESTI
ONS**

Max. Marks: 40

1. There is a requirement of registration of the following as per Indian Companies Act 2013:
 - (a) Private Company
 - (b) Public Company
 - (c) One Person Company
 - (d) All of the above
2. Opportunity is:
 - (a) Inherent capacity
 - (b) Strategic disadvantage
 - (c) Favourable condition
 - (d) None of the above
3. Which gas company owns India's largest pipeline network?
 - (a) GAIL (India) Ltd.
 - (b) Bharat Petroleum Corporation Ltd.
 - (c) Reliance Industries Ltd.
 - (d) ONGC
4. Public policies are of three types:
 - (a) Restrictive, Regulatory, Participative
 - (b) Restrictive, Regulatory, Facilitating
 - (c) Voluntarily, Participative, Facilitating
 - (d) Regulatory, Voluntarily, Continuous
5. Which of the following is not a function of RBI?
 - (a) Monetary Policy
 - (b) Fiscal Policy



- (c) Custodian of Foreign Exchange Reserves
(d) Controller of Credit
6. _____ is a technology where the banking organizations resort to the use of electronics, computers and other networks to execute transactions and transfer funds.
- (a) E-cash
(b) Digi-cash
(c) Hedge
(d) Cap
7. The attribute of a profession does not include:
- (a) Rendering of specialized nature of services
(b) Certificate of service from government
(c) Self-imposed code of conduct
(d) All of the above
8. Which of the following is not a part of the economic environment?
- (a) Market and trade cycles
(b) Consumer buying patterns
(c) Strength of consumer spending
(d) Interest and exchange rates
9. Walmart ranked 1st on:
- (a) Forbes World's Best Employers List 2018
(b) Fortune 500 Companies List 2018
(c) Forbes World's Largest Public Corporations List 2018
(d) None of the above
10. OCBs mean:
- (a) Overseas Corporate Bodies
(b) Ordnance Commission Bilateral secretariat
(c) Oversees Civic Boards
(d) Oversees Commercial Bilateral Treaties
11. 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.



12. The number of units of given currency that can be purchased for one unit of another currency is called _____.
- (a) Current ratio
 - (b) Exchange rate
 - (c) Equity
 - (d) Dividend
13. Which of the following is organic objective of business?
- (a) Economic Value added
 - (b) Fitness of Human resource
 - (c) Community Service
 - (d) Effective waste handling and disposal
14. According to Peter Drucker aim of the business is to _____ and _____.
- (a) Create and retain customer
 - (b) Retain customer and create profits
 - (c) Create and retain consumer
 - (d) Retain consumer and maximise wealth
15. Which of the following is not related to ITC Limited?
- (a) Vishal Sikha
 - (b) 1910
 - (c) Kolkata
 - (d) Yogesh Chander Deveshwar
16. Reforms in Dowry Act and Divorce Act are the examples of:
- (a) Economic Reforms
 - (b) Cultural Reforms
 - (c) Commercial Reforms
 - (d) Socio-cultural Reforms
17. Who is the custodian of the nation's foreign exchange reserves?
- (a) Central Government of India
 - (b) President of India
 - (c) Reserve Bank of India
 - (d) State Bank of India
18. Carry forward of a transaction from one settlement period to other is



- (a) Badla
(b) Repo
(c) Open Interest
(d) None of the above
19. A partnership may not be formed to carry on:
- (a) Any trade
(b) Occupation
(c) Profession
(d) Social enterprise
20. Relationship between organisation and environment can be described through:
- (a) Exchange of information
(b) Exchange of resources
(c) Exchange of influence and power
(d) All of the above
21. Which company ranked 3rd on Forbes World's Best Employer List 2018?
- (a) Walmart
(b) Microsoft
(c) Google
(d) Apple
22. The form of privatization, where government keeps hold of responsibility and private enterprise handles the management of it fully or partly is known as:
- (a) Disinvestment
(b) Deregulation
(c) Delegation
(d) Decentralization
23. Where is the head office of NABARD?
- (a) Mumbai
(b) Delhi
(c) Gurugram
(d) Bengaluru
24. The opposite of bid is _____
- (a) Ask/Offer
(b) Call



- (c) Purchase
(d) None of the above
25. Which of the following statement is correct with respect to HUF?
- (a) HUF earns income from salary
(b) Four successive generations of an undivided
(c) HUF enjoys a separate entity status under Income tax act -1961
(d) All of the above
26. What is not a characteristic of business environment?
- (a) Complex
(b) Static
(c) Multi-faced
(d) Far reaching
27. NESTLE is a beverage partner with which of the following companies?
- (a) Coca-Cola India
(b) Pepsico India Holdings Pvt. Ltd.
(c) Red Bull India Pvt. Ltd
(d) Dabur India Ltd
28. FIPB stands for:
- (a) Foreign Institutional Promotion Board
(b) Foreign Institutional Preparatory Board
(c) Foreign Investment Priority Board
(d) Foreign Investment Promotion Board
29. Which one of the following is an Indian Regulatory Body that facilitates business organizations?
- (a) EXIM Bank
(b) NABARD
(c) IRDA
(d) IFCI
30. Which of the following is Return on investment?
- (a) Dividend
(b) Interest
(c) Yield



- (d) None of the above
31. Business as institution is _____
- (a) Job Creator
 - (b) Job seeker
 - (c) Both
 - (d) None of the above
32. Internal Environment includes _____
- (a) Customer
 - (b) Economic
 - (c) Demography
 - (d) Mission & Objectives
33. What happened in Microsoft in the year 2014?
- (a) Satya Nadella succeeded on Steve Ballmer
 - (b) Acquired Hardware division of NOKIA
 - (c) Both (a) & (b)
 - (d) None of the above
34. Simplification of trade restrictions related to import is an example of:
- (a) Globalization
 - (b) Privatization
 - (c) Disinvestment
 - (d) Aggregation
35. The RBI has been vested with extensive power to control and supervise commercial banking system under the-
- (a) Reserve Bank of India Act, 1934
 - (b) The Banking Regulation Act, 1949
 - (c) Both (a) and (b)
 - (d) The Companies Act, 2013
36. What is price sensitivity?
- (a) the effect a change in price will have on customers.
 - (b) charging a relatively high price for a short time where a new, innovative, or much-improved product is launched onto a market.
 - (c) a strategy involves setting low prices in order to discourage or deter potential new entrants to the suppliers market.
 - (d) It measures the responsiveness of a change in demand for a product following a change in its own



price.

37. Who is the present MD & CEO of ICICI Bank?
- (a) Chanda Kochar
(b) Shika Sharma
(c) M.K. Sharma
(d) Sandeep Bakshi
38. Where are the headquarters of L&T?
- (a) Bengaluru
(b) Delhi
(c) Mumbai
(d) Chennai
39. SEBI, RBI & IRDA are:
- (a) Regulatory Bodies
(b) Cluster Bodies
(c) Goal Sector bodies
(d) None of the above
40. Which of the following is not a subsidiary of Indian Oil Corporation Ltd.?
- (a) Chennai Petroleum Ltd.
(b) Brahmaputra Cracker and Polymer Ltd.
(c) Indian Oil - CREDA Biofuels Ltd.
(d) Indian Catalyst Private Ltd.

Test Series: October, 2019

FOUNDATION COURSE

MOCK TEST PAPER 1

PAPER – 4: PART I : BUSINESS ECONOMICS

ANSWERS

1.	a	21.	d	41.	d
2.	c	22.	c	42.	b
3.	c	23.	b	43.	d
4.	d	24.	a	44.	b
5.	a	25.	c	45.	d
6.	c	26.	b	46.	d
7.	c	27.	a	47.	c



8.	d	28.	d	48.	b
9.	c	29.	b	49.	d
10.	c	30.	b	50.	b
11.	c	31.	b	51.	c
12.	d	32.	a	52.	a

13.	b	33.	c	53.	a
14.	d	34.	d	54.	a
15.	c	35.	c	55.	b
16.	b	36.	a	56.	d
17.	a	37.	b	57.	b
18.	c	38.	b	58.	d
19.	a	39.	a	59.	b
20.	a	40.	d	60.	a

Test Series: October, 2019

PAPER – 4 PART II: BUSINESS AND COMMERCIAL KNOWLEDGE

ANSWERS

1	2	3	4	5	6	7	8	9	10
(d)	(c)	(a)	(b)	(b)	(a)	(b)	(b)	(b)	(a)
11	12	13	14	15	16	17	18	19	20
(a)	(b)	(b)	(a)	(a)	(d)	(c)	(a)	(d)	(d)
21	22	23	24	25	26	27	28	29	30
(d)	(c)	(a)	(a)	(c)	(b)	(a)	(d)	(c)	(c)
31	32	33	34	35	36	37	38	39	40
(a)	(d)	(c)	(a)	(c)	(a)	(d)	(c)	(a)	(b)



Test Series: May, 2020

MOCK TEST PAPER 1

FOUNDATION COURSE

PAPER 4: BUSINESS ECONOMICS AND BUSINESS AND COMMERCIAL

KNOWLEDGE PART- I: BUSINESS

ECONOMICS

QUESTIONS

1. Which of the following statements is correct?
 - (a) The Law of Demand states positive relationship between price and quantity demanded.
 - (b) The Law of Supply states positive relationship between price and quantity supplied.
 - (c) As per the Law of diminishing returns as the consumption of any commodity is increased, the average returns start diminishing.
 - (d) None of the above
2. The branch of economic theory that deals with the problem of allocation of resources is
 - (a) Micro-Economic theory
 - (b) Macro-economic theory
 - (c) Econometrics
 - (d) none of the above
3. Choice is created by the-
 - (a) Abundance of resources
 - (b) Scarcity of resources
 - (c) Urgency of needs
 - (d) Non-Availability of resources
4. Which of the following statements would you consider to be a normative one?
 - (a) Faster economic growth should result if an economy has a higher level of investment.
 - (b) Changing the level of interest rates is a better way of managing the economy than using taxation and government expenditure.
 - (c) Higher levels of unemployment will lead to higher levels of inflation.
 - (d) The average level of growth in the economy was faster in the 1990s than the 1980s.
5. Which of the following is not within the scope of Business Economics?
 - (a) Capital Budgeting
 - (b) Risk Analysis



- (c) Business Cycles
(d) Accounting Standards
6. 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
7. Excess capacity is not found under _____
- (a) Monopoly
(b) Monopolistic competition
(c) Perfect competition.
(d) Oligopoly
8. Administered prices refer to:
- (a) Prices determined by forces of demand and supply
(b) Prices determined by sellers in the market
(c) Prices determined by an external authority which is usually the government
(d) None of the above
9. If the price of Orange Juice increases, the demand for Apple Juice will _____.
- (a) increase
(b) decrease
(c) remain the same
(d) become negative.
10. If good growing conditions increases the supply of strawberries and hot weather increases the demand for strawberries, the quantity of strawberries bought
- (a) increases and the price might rise, fall or not change.
(b) does not change but the price rises.
(c) does not change but the price falls.
(d) increases and the price rises.
11. If increasing air fares increases revenues and decreasing them decreases revenues, then the demand for air travel has a price elasticity of:
- (a) Zero
(b) Greater than zero but less than one



- (c) One
(d) Greater than one
12. Suppose income of the residents of locality increases by 50% and the quantity of gel pens demanded increases by 20%. What is income elasticity of demand for gel pen?
- (a) 0.4
(b) 0.6
(c) 1.25
(d) 1.50
13. The difference between Positive and Normative Economics is:
- (a) Positive Economics explains the performance of the economy while Normative Economics finds 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.
14. What will happen in the rice market if buyers are expecting higher rice prices in the near future?
- (a) The demand for rice will increase.
(b) The demand for rice will decrease.
(c) The demand for rice will be unaffected.
(d) None of the above
15. Capital intensive techniques would get chosen in a
- (a) Labour surplus economy where the relative price of capital is lower.
(b) Capital surplus economy where the relative price of capital is lower.
(c) Developed economy where technology is better.
(d) Developing economy where technology is poor.
16. Suppose potatoes have (-) 0.4 as income elasticity. We can say from the data given that:
- (a) Potatoes are inferior goods.
(b) Potatoes are superior goods.
(c) Potatoes are necessities.
(d) There is a need to increase the income of consumers so that they can purchase potatoes.
17. The cross elasticity between Rye bread and Whole Wheat bread is expected to be:
- (a) positive
(b) negative



- (c) zero
(d) can't say
18. In a very short period, the supply
- (a) can be changed.
(b) cannot be changed.
(c) can be increased.
(d) none of the above
19. Exploitation and inequality are minimal under:
- (a) Socialism
(b) Capitalism
(c) Mixed economy
(d) None of the above
20. Suppose the income elasticity of education in private school in India is 1.8. What does this indicate:
- (a) Private school education is a luxury.
(b) Private school education is a necessity.
(c) Private school education is an inferior commodity.
(d) We should have more private schools.
21. Marginal product, mathematically, is the slope of the
- (a) total product curve.
(b) average product curve.
(c) marginal product curve.
(d) implicit product curve.

Read the below table and answer Questions number 22-24

	% Change in price	% change in quantity demanded (quantity supplied)	Elasticity
Demand for salt	20	-1	x
Demand for bananas	15	Y	3
Supply of chicken	z	14	1

22. Refer the above table and find the value of x.
- (a) -20
(b) -0.05
(c) -1
(d) Can not be determined



23. Refer the above table and find the value of y.
- (a) -5
 - (b) 15
 - (c) -45
 - (d) -3
24. Refer the above and find the value of z.
- (a) 14
 - (b) 1
 - (c) 0.07
 - (d) 5
25. Suppose that a sole proprietorship is earning total revenues of Rs. 1, 00,000 and is incurring explicit costs of Rs. 75,000. If the owner could work for another company for Rs. 30,000 a year, we would conclude that :
- (a) The firm is incurring an economic loss.
 - (b) Implicit costs are Rs. 25,000.
 - (c) The total economic costs are Rs. 1,00,000.
 - (d) The individual is earning an economic profit of Rs. 25,000.
26. When a market is in equilibrium:
- (a) No shortages exist.
 - (b) Quantity demanded equals quantity supplied.
 - (c) A price is established that clears the market.
 - (d) All of the above are correct.
- Agricultural goods markets depict characteristics close to
- (e) Perfect competition.
 - (f) Oligopoly.
 - (g) Monopoly.
 - (h) Monopolistic competition.
27. "I am making a loss, but with the rent I have to pay, I can't afford to shut down at this point of time." If this entrepreneur is attempting to maximize profits or minimize losses, his behavior in the short run is:
- (a) Rational, if the firm is covering its variable cost
 - (b) Rational, if the firm is covering its fixed cost
 - (c) Irrational, since plant closing is necessary to eliminate losses
 - (d) Irrational, since fixed costs are eliminated if a firm shuts down



28. Monopolies are allocatively inefficient because:
- (a) They restrict the output to keep the price higher than under perfect competition.
 - (b) They charge a price higher than the marginal cost.
 - (c) Both (a) and (b) are correct.
 - (d) Both (a) and (b) are incorrect.
29. Economic costs of production differ from accounting costs of production because
- (a) Economic costs include expenditures for hired resources while accounting costs do not.
 - (b) Accounting costs include opportunity costs which are deducted later to find paid out costs.
 - (c) Accounting costs include expenditures for hired resources while economic costs do not.
 - (d) Economic costs add the opportunity cost of a firm which uses its own resources.
30. When $e = 1$ then MR is
- (a) positive
 - (b) zero
 - (c) one
 - (d) negative
31. Which of the following statements is correct?
- (a) Fixed costs vary with change in output.
 - (b) If we add total variable cost and total fixed cost we get the average cost.
 - (c) Marginal cost is the result of total cost divided by number of units produced.
 - (d) Total cost is obtained by adding up the fixed cost and total variable cost.
32. If the quantity of blankets demanded increases from 4600 to 5700 in response to a decrease in their price from Rs. 220 to Rs. 190, the price elasticity of demand for blankets is
- (a) 0.69
 - (b) 1.0
 - (c) 1.46
 - (d) 2.66
33. Which of the following involve a trade-off?
- (a) Taking a nap
 - (b) all of these answers involve trade-offs.
 - (c) Watching a football game on Saturday afternoon
 - (d) Going to university



34. If demand for goods and services is more than their supply, the resultant inflation is :
- (a) Cost push inflation.
 - (b) stagflation
 - (c) deflation.
 - (d) demand pull inflation.
35. The lowest point in the business cycle is referred to as the
- (a) Expansion.
 - (b) Boom.
 - (c) Peak.
 - (d) Trough
36. Suppose that at a price of Rs. 300 per month, there are 30,000 subscribers to cable television in Small Town. If Small Town Cablevision raises its price to Rs. 400 per month, the number of subscribers will fall to 20,000. Using the arc elasticity (midpoint) method for calculating the elasticity, what is the price elasticity of demand for cable TV in Small Town?
- (a) 1.4
 - (b) 0.66
 - (c) 0.75
 - (d) 2.0
37. If there are implicit costs of production:
- (a) economic profit will be equal to accounting profit.
 - (b) economic profit will be less than accounting profit.
 - (c) economic profits will be zero.
 - (d) economic profit will be more than accounting profit.
38. In the long-run, some firms will exit the market if the price of the good offered for sale is less than:
- (a) marginal revenue.
 - (b) marginal cost.
 - (c) average total cost.
 - (d) average revenue.
39. The most important function of an entrepreneur is to _____ .
- (a) Innovate
 - (b) Bear the sense of responsibility
 - (c) Finance
 - (d) Earn profit



40. If as a result of 50 per cent increase in all inputs, the output rises by 75 per cent, this is a case of:
- (a) increasing returns of a factor
 - (b) increasing returns to scale
 - (c) constant returns to a factor
 - (d) constant returns to scale
41. Economists use changes in a variety of activities to measure the business cycle and to predict where the economy is headed towards. It is called-
- (a) Leading indicators
 - (b) Indicators
 - (c) Lagging Indicators
 - (d) None of these
42. A significant decline in general economic activity extending over a period of time is-
- (a) Business cycle
 - (b) Contraction phase
 - (c) Recession
 - (d) Recovery
43. In the long run, if a very small factory were to expand its scale of operations, it is likely that it would initially experience
- (a) an increase in pollution level.
 - (b) diseconomies of scale.
 - (c) economies of scale.
 - (d) constant returns to scale.
44. Which of the following statements is incorrect?
- (a) The LAC curve is also called the planning curve of a firm.
 - (b) Total revenue = price per unit × number of units sold.
 - (c) Opportunity cost is also called alternative cost.
 - (d) If total revenue is divided by the number of units sold we get marginal revenue
45. Which of the following is a variable cost in the short run?
- (a) rent of the factory.
 - (b) wages paid to the factory labour.
 - (c) interest payments on borrowed financial capital.
 - (d) payment on the lease for factory equipment.



46. Price discrimination will be profitable only if the elasticity of demand in different markets in which the total market has been divided is:
- (a) uniform
 - (b) different
 - (c) less
 - (d) zero
47. Suppose a firm is producing a level of output such that $MR > MC$, what should the firm do to maximize its profits?
- (a) The firm should do nothing.
 - (b) The firm should hire less labour.
 - (c) The firm should increase price.
 - (d) The firm should increase output.
48. Assume that when price is Rs. 20, the quantity demanded is 15 units, and when price is Rs. 18, the quantity demanded is 16 units. Based on this information, what is the marginal revenue resulting from an increase in output from 15 units to 16 units?
- (a) Rs. 18
 - (b) Rs. 16
 - (c) Rs. 12
 - (d) Rs. 28
49. Diminishing marginal returns imply
- (a) decreasing average variable costs
 - (b) decreasing marginal costs
 - (c) increasing marginal costs
 - (d) decreasing average fixed costs
50. When the monopolist divides the consumers into separate sub markets and charges different prices in different sub-markets it is known as
- (a) first degree of price discrimination
 - (b) second degree of price discrimination
 - (c) third degree of price discrimination
 - (d) none of the above.
51. The firm and the industry are one and the same in _____
- (a) Perfect competition
 - (b) Monopolistic competition



- (c) Duopoly
(d) Monopoly
52. If the average cost is higher than the average revenue then the firm incurs _____
(a) Normal profit
(b) Abnormal profit
(c) Loss
(d) No profit, no loss
53. Secular period is also known as
(a) very short period
(b) short period
(c) very long period
(d) long period
54. Stock exchange market is an example of
(a) unregulated market
(b) regulated market
(c) spot market
(d) none of the above
55. When $e < 1$ then MR is
(a) negative
(b) zero
(c) positive
(d) one
56. According to _____ trade cycles occur due to onset of innovations.
(a) Hawtrey
(b) Adam Smith
(c) J M Keynes
(d) Schumpeter
57. 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



58. A variable that tends to move later than aggregate economic activity is called
- (a) a leading variable.
 - (b) a coincident variable.
 - (c) a lagging variable.
 - (d) a cyclical variable.
59. Industries that are extremely sensitive to the business cycle are the
- (a) Durable goods and service sectors.
 - (b) Non-durable goods and service sectors.
 - (c) Capital goods and non-durable goods sectors
 - (d) Capital goods and durable goods sectors.

PAPER – 4 PART - II: BUSINESS AND COMMERCIAL KNOWLEDGE

QUESTIONS

Max. Marks: 40

60. Which of the following occupations requires rendering of services based upon specialised knowledge and membership of an accreditation and assessment body?
- (a) Employment
 - (b) Profession
 - (c) Business
 - (d) Agriculture
61. Threat is an:
- (a) Inherent capacity
 - (b) Strategic disadvantage
 - (c) Unfavourable condition
 - (d) None of the above
62. When did Microsoft begin its business in India?
- (a) 1990
 - (b) 1991
 - (c) 1995
 - (d) 1989
63. Which of the following policy is used to curtail all benefits related to some particular issue?
- (a) Restrictive
 - (b) Regulatory



- (c) Facilitating
(d) Delegation
64. Which of the following is not a function of RBI?
(a) Monetary Policy
(b) Fiscal Policy
(c) Custodian of Foreign Exchange Reserves
(d) Controller of Credit
65. A very large loan extended by a group of small banks to a single corporate borrower is called as which of the following?
(a) Time Deposit
(b) Long term loan
(c) Annuities
(d) Syndicated loan
66. Which of the following is not a feature of LLP?
(a) A legal entity separates from its partners.
(b) There is no limit on maximum number of partners.
(c) Every partner of LLP is the agent of the firm only.
(d) Registrar of the firm (of the respective state) is the administering authority.
67. Which of the following is not a part of the economic environment?
(a) Market and trade cycles
(b) Consumer buying patterns
(c) Strength of consumer spending
(d) Interest and exchange rates
68. Indane LPG is the product of which corporation of India?
(a) IOCL
(b) NTPC
(c) ONGC
(d) PGCIL
69. In which of the following sector(s), FDI is prohibited at both routes?
(a) Nidhi Company
(b) Media



- (c) Real Estate
(d) Shell Company
70. 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.
71. The lowest price at which an owner is willing to sell his securities is called as which of the following?
- (a) Book Value
(b) Ask
(c) Annuity
(d) Bond
72. Which of the following is the concern relate to Business & Commercial Knowledge?
- (a) Sustainability
(b) Sociology
(c) Traditional
(d) Society at large
73. Which of the following tool is used for proactive and structured thinking in the process of decisionmaking?
- (a) SWOT
(b) TOWS
(c) PEST
(d) PESTLE
74. Which bank provides the digital service PayZapp?
- (a) Axis Bank Limited
(b) HDFC Bank Limited
(c) ICICI Bank Limited
(d) State Bank of India
75. Reforms in Dowry Act and Divorce Act are the examples of:
- (a) Economic Reforms
(b) Cultural Reforms
(c) Commercial Reforms



- (d) Socio-cultural Reforms
76. A reduction of 35 basis point will be equal to how much of the following?(a) 3.50%
(b) 0.35%
(c) 35%
(d) 0.035%
77. A series of payments of an equal amount at fixed intervals for a specified number of periods is called as which of the following?
(a) Amortize
(b) Annuity due
(c) Annuity
(d) Arbitrage
78. A partnership may not be formed to carry on:
(a) Any trade
(b) Occupation
(c) Profession
(d) Social enterprise
79. Relationship between organisation and environment can be described through:
(a) Exchange of information
(b) Exchange of resources
(c) Exchange of influence and power
(d) All of the above
80. Jayesh Merchant is the CFO of which company?
(a) Asian Paints Ltd.
(b) Ambuja Cements Ltd.
(c) Ultratech Cements Ltd.
(d) Mahindra & Mahindra
81. Selling a portion of ownership in a public enterprise to private parties is called as which of the following?
(a) Delegation
(b) Divestment
(c) Displacement



- (d) Disinvestment
82. Which of the following acts as an indicator of bank's liquidity and solvency position?
- (a) SLR
 - (b) CRR
 - (c) Repo rate
 - (d) Reserve Repo rate
83. A combination of several companies working together for a particular purpose is called as which of the following?
- (a) Competitive advantage
 - (b) Cross-selling
 - (c) Consortium
 - (d) Conglomerate Diversification
84. Which of the following statement is correct with respect to HUF?
- (a) HUF earns income from salary
 - (b) Four successive generations of an undivided
 - (c) HUF enjoys a separate entity status under Income tax act -1961
 - (d) All of the above
85. Read the following three statements:
- (i) The environment is constantly changing in nature.
 - (ii) Various environmental constituents exist in isolation and do not interact with each other.
 - (iii) The environment has a far reaching impact on organizations.
- From the combinations given below select an alternative that represents statements that are true:
- (a) (i) and (ii).
 - (b) (ii) and (iii)
 - (c) (i) and (iii)
 - (d) (i), (ii) and (iii)
86. NESTLE is a beverage partner with which of the following companies?
- (a) Coca-Cola India
 - (b) Pepsico India Holdings Pvt. Ltd.
 - (c) Red Bull India Pvt. Ltd
 - (d) Dabur India Ltd
87. FIPB stands for:
- (a) Foreign Institutional Promotion Board



- (b) Foreign Institutional Preparatory Board
(c) Foreign Investment Priority Board
(d) Foreign Investment Promotion Board
88. Which one of the following is an Indian Regulatory Body that facilitates business organizations?
(a) EXIM Bank
(b) NABARD
(c) IRDA
(d) IFCI
89. A stock that provides constant dividends and stable earnings even in the period of economic slowdown is called as which of the following?
(a) Debtors
(b) Defensive stock
(c) Bonus
(d) Debentures
90. Which of the following statements characterises the best non-economic activities?
(a) Non-economic activities do not require any investment of resources
(b) These activities do not entail any operational costs
(c) These activities are undertaken by ascetics
(d) The underlying purpose of these activities is not earning of a livelihood but social, psychological or spiritual satisfaction
91. Internal Environment includes _____
(a) Customer
(b) Economic
(c) Demography
(d) Mission & Objectives
92. The mission of which transnational company is 'Good Food, Good Life'?
(a) Tata Group
(b) Reliance fresh
(c) Nestle
(d) Starbucks
93. Simplification of trade restrictions related to import is an example of:
(a) Globalization
(b) Privatization
(c) Disinvestment



- (d) Aggregation
94. The RBI has been vested with extensive power to control and supervise commercial banking system under the-
- (a) Reserve Bank of India Act, 1934
 - (b) The Banking Regulation Act, 1949
 - (c) Both (a) and (b)
 - (d) The Companies Act, 2013
95. An amount of revenue from sale which exactly equals the amount of expense is called as which of the following?
- (a) Book value
 - (b) Basket trading
 - (c) Break-even point
 - (d) Budget
96. Who is the present chairman of Bajaj Auto Ltd.?
- (a) Mr. Rahul Bajaj
 - (b) Mr. Rajiv Bajaj
 - (c) Jamnalal Bajaj
 - (d) Kevin P D'sa
97. 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
98. A Bull market is:
- (a) Stock price are decreasing consistently
 - (b) Stock price are increasing consistently
 - (c) Stock price are stable consistently
 - (d) Stock price are wildly fluctuating
99. SEBI, RBI & IRDA are:
- (a) Regulatory Bodies
 - (b) Cluster Bodies
 - (c) Goal Sector bodies
 - (d) None of the above



Test Series: May, 2020

MOCK TEST PAPER 1

FOUNDATION COURSE

PAPER 4: BUSINESS ECONOMICS AND BUSINESS AND COMMERCIAL

KNOWLEDGE PART - I: BUSINESS

ECONOMICS

ANSWERS

1	(b)	11	(b)	21	(a)	31	(b)	41	(b)	51	(c)
2	(a)	12	(a)	22	(b)	32	(d)	42	(b)	52	(d)
3	(b)	13	(b)	23	(c)	33	(c)	43	(c)	53	(c)
4	(b)	14	(a)	24	(a)	34	(b)	44	(c)	54	(c)
5	(d)	15	(b)	25	(a)	35	(d)	45	(d)	55	(b)
6	(a)	16	(a)	26	(d)	36	(d)	46	(b)	56	(a)
7	(c)	17	(a)	27	(a)	37	(a)	47	(b)	57	(d)
8	(c)	18	(b)	28	(a)	38	(b)	48	(d)	58	(d)
9	(a)	19	(a)	29	(c)	39	(c)	49	(c)	59	(c)
10	(a)	20	(a)	30	(d)	40	(a)	50	(c)	60	(d)

PAPER – 4 PART- II: BUSINESS AND COMMERCIAL

KNOWLEDGE ANSWERS

61	62	63	64	65	66	67	68	69	70
(b)	(c)	(a)	(a)	(b)	(d)	(d)	(b)	(a)	(a)
71	72	73	74	75	76	77	78	79	80
(a)	(b)	(a)	(d)	(b)	(d)	(b)	(c)	(d)	(d)
81	82	83	84	85	86	87	88	89	90
(a)	(d)	(a)	(c)	(c)	(c)	(a)	(d)	(c)	(b)



91	92	93	94	95	96	97	98	99	100
(d)	(d)	(c)	(a)	(c)	(c)	(a)	(a)	(b)	(a)

Test Series: October, 2020

MO

CK

TEST PAPER

FOUNDATION

COURSE

PAPER – 4: BUSINESS ECONOMICS AND BUSINESS AND COMMERCIAL KNOWLEDGE

PART I : BUSINESS ECONOMICS

Max. Marks : 60

- The economic analysis expects the consumer to behave in a manner which is:
 - Rational
 - Irrational
 - Emotional
 - Indifferent
- A firm encounters its “shutdown point” when:
 - Average Total Cost equals price at the profit- maximizing level of output.
 - Average Fixed Cost equals price at the profit- maximizing level of output.
 - Average Variable Cost equals price at the profit- maximizing level of output.
 - Marginal Cost equals price at the profit- maximizing level of output.
- Which of the following statements does not apply to market economy?
 - Firms decide whom to hire and what to produce.
 - Firms aim at maximizing profits.
 - Households decide which firms to work for and what to buy with their incomes.
 - Government policies are the primary forces that guide the decisions of firms and households.
- Consider the following and decide which, if any, economy is without scarcity:
 - The pre-independent Indian economy, where most people were farmers.



- (b) A mythical economy where everybody is a billionaire.
- (c) Any economy where income is distributed equally among its people.
- (d) None of the above.
5. Which of the following is not a subject matter of Micro-economies?
- (a) The price of mangoes.
- (b) The cost of producing a fire truck for the fire department of Delhi, India.
- (c) The quantity of mangoes produced for the mangoes market.
- (d) The national economy's annual rate of growth
6. Marginal revenue will be negative if elasticity of demand is
- (a) Less than one
- (b) More than one
- (c) Equal to one
- (d) Equal to Zero
7. In the case of Giffen good, the demand curve will be -
- (a) Horizontal
- (b) Downward sloping to the right
- (c) Upward sloping to the right
- (d) Vertical
8. Which of the following statements is incorrect?
- (a) Business economics is normative in nature.
- (b) Business Economics has a close connection with statistics.
- (c) Business Economist need not worry about macro variables.
- (d) Business Economics is also called Managerial Economics.
9. Who expressed the view that "Economics is neutral between end".
- (a) Robbins
- (b) Marshall
- (c) Pigou
- (d) Adam Smith
10. A capitalist economy uses _____ as the principal means of allocating resources.
- (a) Demand



- (b) Supply
 - (c) Efficiency
 - (d) Prices
11. Scarcity definition of Economics is given by-
- (a) Alfred Marshall
 - (b) Samuelson
 - (c) Robinson
 - (d) Adam Smith
12. The definition "Science which deals with wealth of Nation" was given by:
- (a) Alfred Marshall
 - (b) A C Pigou
 - (c) Adam Smith
 - (d) J B Say
13. Which of the following is not one of the features of capitalist economy?
- (a) Right of private property
 - (b) Freedom of choice by the consumers
 - (c) No profit, No Loss motive
 - (d) Competition
14. In Economics, the central economic problem means:
- (a) Output is restricted to the limited availability of resources
 - (b) Consumer do not have as much money as they would wish
 - (c) There will always be certain level of unemployment
 - (d) Resources are not always allocated in an optimum way
15. Conspicuous goods are also known as
- (a) Prestige goods
 - (b) Snob goods
 - (c) Veblen goods
 - (d) All of the above
16. Chicken and fish are substitutes. If the price of chicken increases, the demand for fish will
- (a) Increase or decrease but the demand curve for chicken will not change
 - (b) Increase and the demand curve for fish will shift rightwards.



- (c) Not change but there will be a movement along the demand curve for fish.
(d) Decrease and the demand curve for fish will shift leftwards.
17. Coco- cola and Pepsi are substitutes. A rise in the price of coco-cola will _____ the demand for Pepsi and the quantity of Pepsi sold will _____
- (a) Increase; increase
(b) Increase; decrease
(c) Decrease; decrease
(d) Decrease; increase
18. A decrease in the demand for mobiles, other things remaining the same will
- (a) Increase the number of mobiles bought
(b) Decrease the price but increase the number of mobiles bought
(c) Increase the price of mobiles
(d) Decrease the price and decrease in the number of mobiles bought
19. Which of the following statements about inferior goods is/are false?
- I. Inferior goods are those that we will never buy, no matter how cheap they are.
II. Inferior goods are those that we buy more of, if we become poorer.
III. Inferior goods are those that we buy more of, if we become richer.
- (a) I and III only.
(b) I only
(c) III only.
(d) I, II, and III.
20. Marginal utility approach to demand was given by-
- (a) J R Hicks
(b) Alfred Marshall
(c) Robbins
(d) A C Pigou
21. The price of a commodity decreases from ₹ 6 to ₹ 4 and the quantity demanded of the good increases from 10 units to 15 units, find the coefficient of price elasticity. (Use Point Elasticity Method)
- (a) 1.5
(b) 2.5
(c) 1.5
(d) 0.5



22. The supply function is given as $Q = -100 + 10P$. Find the elasticity using point method, when price is ₹ 15.
- (a) 4
(b) -3
(c) -5
(d) 3
23. A firm learns that the own price elasticity of a product it manufactures is 3.5. What would be the correct action for this firm to take if it wishes to raise its total revenue?
- (a) Lower the price because demand for the good is elastic.
(b) Raise the price because demand for the product is inelastic.
(c) Raise the price because demand is elastic.
(d) We need information in order to answer this question.
24. In the case of a straight line demand curve meeting the two axes, the price elasticity of demand at y axis of the line would be equal to-
- (a) 1
(b) Infinity
(c) 3
(d) 1.25
25. Calculate Income-elasticity for the household when the income of a household rises by 10% the demand for Laptop rises by 20%
- (a) +.5
(b) -.5
(c) +2
(d) -2
26. A firm producing 7 units of output has an average total cost of ₹ 150 and has to pay ₹ 350 to its fixed factors of production whether it produces or not. How much of the average total cost is made up of variable cost?
- (a) 200
(b) 50
(c) 300
(d) 100
27. If as a result of 20 percent fall in the ticket fares the demand for watching movie in the cinema hall increases by 10 percent, then price elasticity is



- (a) Zero
 (b) Greater than zero but less than one
 (c) One
 (d) Greater than one
28. If price of good A increases relative to the price of its substitutes B and C, then demand for
- (a) B will decrease
 (b) C will decrease
 (c) B and C will increase
 (d) B and C will decrease

Use the following data to answer questions 29-31

Quantity(Q)	1	2	3	4
Price (P)	40	30	20	10

29. The total revenue of third unit is -
- (a) 35
 (b) 40
 (c) 60
 (d) 30
30. The average revenue of second unit is-
- (a) 40
 (b) 45
 (c) 20
 (d) 30
31. The marginal revenue of fourth unit is-
- (a) 20
 (b) 25
 (c) 30
 (d) 40
32. Suppose that an owner is earning total revenue of ₹ 1,00,000 and is increasing explicit cost of ₹ 60,000. If the owner could work for another company for ₹ 30,000 a year, we would conclude that:
- (a) The firm is earning economic profit of ₹ 10,000
 (b) The firm is earning accounting profit of ₹ 40,000
 (c) The firm is earning economic profit of ₹ 40,000



- (d) Both (a) and (b)
33. A Monopolistic Competitive firm advertises:
- (a) Because it has no control over price of its product.
 - (b) To lower its cost of production
 - (c) To increase its sales and profits
 - (d) Because it cannot raise price of its product.
34. Peaks and troughs of the business cycle are known collectively as
- (a) Volatility.
 - (b) Turning points.
 - (c) Equilibrium points.
 - (d) Real business cycle events.
35. The term business cycle refers to
- (a) The ups and downs in production of commodities
 - (b) The fluctuating levels of economic activity over a period of time
 - (c) Decline in economic activities over prolonged period of time
 - (d) Increasing unemployment rate and diminishing rate of savings
36. Which of the following statements is correct?
- (a) Business cycles occur periodically although they do not exhibit the same regularity.
 - (b) Business cycles have distinct phases of expansion, peak, contraction and trough.
 - (c) Business cycles generally originate in free market economies
 - (d) All of the above
37. Which of the following is the external cause of Business Cycles?
- (a) Fluctuations in Effective Demand
 - (b) Fluctuations in Investment
 - (c) Variations in government spending
 - (d) War
38. which of the following does not occur during an expansion?
- (a) Consumer purchases of all types of goods tend to increase.
 - (b) Employment increases as demand for labour rises.
 - (c) Business profits and business confidence tend to increase
 - (d) None of the above.



39. New firms are barred from entering the market in
- (a) Perfect competition
 - (b) Oligopoly
 - (c) Monopolistic competition
 - (d) Monopoly
40. The kinked demand hypothesis is designed to explain in the context of oligopoly
- (a) Price and output determination
 - (b) Price rigidity
 - (c) Price leadership
 - (d) Collusion among rivals
41. In economics, what a consumer is ready to pay minus what he actually pays, is termed as:
- (a) Consumer's equilibrium
 - (b) Consumer's surplus
 - (c) Consumer's expenditure
 - (d) None of the above
42. Contraction of demand is the result of:
- (a) Decrease in the number of consumers
 - (b) Increase in the price of the goods concerned
 - (c) Increase in the price of other goods
 - (d) Decrease in the income of purchases
43. Price taker firms:
- (a) Advertise to increase the demand for their products.
 - (b) Do not advertise because most advertising is harmful for the society.
 - (c) Do not advertise because they can sell as much as they want at the current price.
 - (d) Who advertise will get more profits than those who do not.
44. Generally, perishable goods like butter, eggs, milk, vegetables etc., will have
- (a) International market
 - (b) Local market
 - (c) National market
 - (d) None of the above
45. Pure oligopoly is based on the _____ products
- (a) Differentiated



- (b) Homogeneous
(c) Unrelated
(d) None of the above
46. 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.
47. Which of the following statements is incorrect?
- (a) Under monopoly there is no difference between a firm and an industry.
(b) A monopolist may restrict the output and raise the price.
(c) Commodities offered for sale under a perfect competition will be heterogeneous.
(d) Product differentiation is peculiar to monopolistic competition.
48. If a firm's average variable cost curve is rising, its marginal cost curve must be -
- (a) Constant
(b) Above the total cost curve
(c) Above the average variable cost curve
(d) All of the above
49. 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
50. When _____, we know that the firms are earning just normal profits.
- (a) $AC = AR$
(b) $MC = MR$
(c) $MC = AC$
(d) $AR = MR$
51. Full capacity is utilized only when there is
- (a) Perfect Competition
(b) Oligopoly



- (c) Monopoly
(d) Monopolistic Competition
52. An economy achieves “productive efficiency” when:
- (a) The best quality goods are produced
(b) The highly skillful resources in the country are fully employed
(c) All resources are utilized and goods and services are produced at least cost
(d) None of the above
53. Which of the following is considered production in Economics?
- (a) Teaching Economics to CA students in class.
(b) Singing a song before friends
(c) Flying kite for pleasure
(d) Teaching concept of Economics to friends in a library.
54. The price of pizza increases by 22% and the quantity of pizza demanded falls by 25%. This indicates that demand for pizza is
- (a) Elastic
(b) Inelastic
(c) Unitarily elastic
(d) Perfectly elastic.
55. Which of the following is not an example of coincident indicator?
- (a) Industrial production
(b) Inflation
(c) Retail sales
(d) New orders for plant and equipment
56. According to _____ trade cycle is purely monetary phenomenon.
- (a) Hawtrey
(b) Adam Smith
(c) J M Keynes
(d) Schumpeter
57. 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
58. Suppose the technology for producing personal computers improves and, at the same time, individuals discover new uses for personal computers so that there is greater utilisation of personal computers. Which of the following will happen to equilibrium price and equilibrium quantity?
- (a) Price will increase; quantity cannot be determined.
- (b) Price will decrease; quantity cannot be determined.
- (c) Quantity will increase; price cannot be determined.
- (d) Quantity will decrease; price cannot be determined.
59. Assume that consumers' incomes and the number of sellers in the market for good A both decrease. Based upon this information, we can conclude, with certainty, that the equilibrium:
- (a) Price will increase
- (b) Price will decrease.
- (c) Quantity will increase.
- (d) Quantity will decrease.
60. Assume that in the market for good Z there is a simultaneous increase in demand and the quantity supplied. The result will be:
- (a) An increase in equilibrium price and quantity.
- (b) A decrease in equilibrium price and quantity.
- (c) An increase in equilibrium quantity and uncertain effect on equilibrium price.
- (d) A decrease in equilibrium price and increase in equilibrium quantity.

PART - II: BUSINESS AND COMMERCIAL KNOWLEDGE

QUESTIONS

Max. Marks: 40

61. Which of the following is not true about a Limited Liability Partnership (LLP)?



- (a) Separate Legal Entity
 - (b) Incorporation not mandatory like normal partnership
 - (c) Designated Partners
 - (d) Hybrid form of Business Organisation
62. Change of customer's liking from oily foods to healthy packaged foods can be classified amongst which of the following?
- (a) Trend
 - (b) Event
 - (c) Issue
 - (d) Expectation
63. Where is India's largest SEZ?
- (a) Hazira
 - (b) Dhamra
 - (c) Tehri
 - (d) Mundra
64. Indigo, Spice Jet and Vistara, operating in Indian aviation, are a result of?
- (a) Privatisation
 - (b) Liberalisation
 - (c) Globalisation
 - (d) Foreign Direct Investment
65. Which of the following is Government's initiative for furthering and facilitating businesses in India?
- (a) Goods and Service Tax
 - (b) Make in India
 - (c) Skill India
 - (d) Beti Bachao Beti Padhao
66. A stock market where the number of transactions are very low and thus, the volatility in the market is huge, is called?
- (a) Thin Market
 - (b) Slow Market
 - (c) Lazy Market



- (d) Weak Market
67. Which of the following statements cannot be associated with Business?
- (a) Revenue and profits are core to every business
 - (b) Only an educated person can start a business
 - (c) Capital is needed to start a business
 - (d) It is better to be aware of Legal Compliances for all businesses
68. Which of the following internal strategies to respond to environment involves formulation and clarification of organization's mission?
- (a) Competitive Response
 - (b) Administrative Response
 - (c) Dynamic Response
 - (d) Collective Response
69. In which state did Jamnalal Bajaj start Bajaj Auto Limited?
- (a) Maharashtra
 - (b) Madhya Pradesh
 - (c) Rajasthan
 - (d) Haryana
70. Foreign Exchange Management Act (FEMA), would fall under which of the following type of Public Policy?
- (a) Restrictive
 - (b) Regulatory
 - (c) Facilitating
 - (d) Advisory
71. Which of the following is not a Funding Institution?
- (a) World Bank
 - (b) NABARD
 - (c) Reserve Bank of India
 - (d) International Monetary Fund
72. A company is said to undergo _____ when its assets are sold off piecemeal rather than one single operating entity?



- (a) Acquisition
 - (b) Merger
 - (c) Liquidation
 - (d) Sale off
73. Dormant companies can be incorporated for which of the following purposes?
- (a) For Future Projects
 - (b) Holding Intellectual Property
 - (c) Both A or B
 - (d) Only for creating a dummy company to book insignificant transactions
74. Data which is useful in decision making is called?
- (a) Database
 - (b) Information
 - (c) Resource
 - (d) Law
75. Which of the following is the Vision of Airtel?
- (a) Make best quality Calls
 - (b) Win customers for life
 - (c) Win over competition
 - (d) Provide cheapest internet in India
76. FDI is restricted in which of the following sectors of economy in India?
- (a) Healthcare Business
 - (b) Online Gaming Business
 - (c) Education Business
 - (d) Atomic Energy
77. All scheduled banks are required to maintain a certain minimum cash reserve ratio with the RBI. This provision enables RBI to ensure what?
- (a) Forex Rate Fluctuation
 - (b) Credit Position of the Country
 - (c) Savings of People
 - (d) Collect Public Data of Money held by People



78. The marketing department of Go Now Pvt. Ltd. divided the consumers into different groups based on their characteristics, like buying frequency, actuals spend, age and preferences. Which of the following has the marketing department focused on?
- (a) Market Segmentation
 - (b) Market Division
 - (c) Market Analysis
 - (d) Market Grouping
79. Head of a Hindu Undivided Family is called?
- a) Father
 - b) Karta
 - (c) Coparcener
 - (d) Mitakshara
80. Which of the following is not part of internal environment of a business organisation?
- (a) Labor Unions
 - (b) Corporate Culture
 - (c) Customers
 - (d) Organisational Structure
81. How many SBU (Strategic Business Units) does Bharat Petroleum Ltd. have?
- (a) Five
 - (b) Three
 - (c) Seven
 - (d) Ten
82. The following statements characterise Public Policy making, but one of them is false. Find the odd one out.
- (a) It is a collective effort of various departments
 - (b) It can only be formulated in a mixed economic setup
 - (c) It focuses on goals and results
 - (d) It is always formulated with a positive intent
83. Under which section of IRDAI Act can IRDAI function and impart its duties?
- (a) Section 11 of IRDAI Act, 1999
 - (b) Section 21 of IRDAI Act, 1999



- (c) Section 19 of IRDAI Act, 1999
(d) Section 14 of IRDAI Act, 1999
84. Token money paid in the early stages of Negotiation is called?
- (a) Early Money Deposit
(b) Earning Money Deposit
(c) Token E-Cash
(d) Earnest Money Deposit
85. Which of the following is a non-economic activity?
- (a) Sweets Shop
(b) Selling seeds of rare plants
(c) Serving free water on a hot summer day
(d) Village School Carpenter
86. Luxury hotels and luxury car companies compete to get attract the disposal income of affluent customers. What type of competition is it?
- (a) Direct Competition
(b) Indirect Competition
(c) No Competition
(d) Both Direct and Indirect Competition
87. Ministry of Petroleum and Natural Gas owns which of the following?
- (a) Indian Oil Corporation Ltd.
(b) GAIL Ltd.
(c) Bharat Petroleum
(d) Reliance Industries Ltd.
88. NABARD as a development bank, is concerned with various segments and issues, except?
- (a) Self Help Groups of Men
(b) Tribal Development
(c) Self Help Groups of Women
(d) Water Treatment Planning
89. The current Reverse Repo Rate is 2.5%. The difference between repo and reverse repo shall be 250 basis points. RBI increases reverse repo by 150 basis points. What is the new Repo Rate?



- (a) 6%
- (b) 6.5%
- (c) 7%
- (d) 7.5%
90. Five private banks and two nationalised banks together issued a loan of INR 2,000 crores to Zhakthee Limited for opening a rice mill in ten rural areas of India. What are these kinds of loans with multiple banks involved called?
- (a) Large Bank Loans
- (b) Syndicate Loans
- (c) Overdraft Loans
- (d) Industrial Loans
91. Which type of economic activity requires specialised subject knowledge for rendering of services?
- (a) Business
- (b) Agriculture
- (c) Employment
- (d) Profession
92. Race, age, income, educational background, asset ownership, location, etc. form part of which environment?
- (a) Demographic Environment
- (b) Socio-Cultural Environment
- (c) Economic Environment
- (d) Technological Environment
93. In 2008, Centurion Bank was acquired by?
- (a) ICICI Bank Ltd.
- (b) Axis Bank Ltd.
- (c) HDFC Bank Ltd.
- (d) SBI
94. Government Organisations were operating at really poor profits margins and insignificant aims and mission. What brought about a change in their operation and ownership?



- (a) Globalisation
 - (b) Privatisation
 - (c) Liberalisation
 - (d) Change of Political Parties
95. Which of the following does SEBI not cater to?
- (a) Government Organisations
 - (b) Investors
 - (c) Intermediaries
 - (d) Security Issuing Companies
96. A position when a person's assets are not enough to pay off the liabilities due, is called?
- (a) Poverty
 - (b) Risk Adjustment
 - (c) Payoff
 - (d) Insolvency
97. Which of the following is not a domain/characteristic of Business and Commercial Knowledge?
- (a) It is Independent
 - (b) It is Ever Expanding
 - (c) It is Vast
 - (d) It is Multi-Disciplinary
98. While analyzing technological environment, which of the following is not considered?
- (a) Capital Requirement
 - (b) Current technology being used
 - (c) Upcoming technologies relevant to business
 - (d) The relations with the country creating the technology
99. Who is the current CFO of TATA Sons Pvt. Ltd.?
- (a) Natrajan Chandrasekaran
 - (b) Rajnish Kumar
 - (c) Eruch Norish Kapadia
 - (d) Jatin Dalal



100. Social Equity and Ecological Balance are a part of?

- (a) Globalisation
- (b) Sustainable Development
- (c) Liberalisation
- (d) Brand Loyalty

Test Series: October, 2020

MOCK

TEST

PAPER FOUNDATION

COURSE

PAPER – 4: PART I : BUSINESS ECONOMICS

ANSWERS

1	(a)	2	(c)	3	(d)	4	(d)	5	(d)
6	(a)	7	(c)	8	(c)	9	(a)	10	(d)
11	(a)	12	(c)	13	(c)	14	(a)	15	(d)
16	(b)	17	(a)	18	(d)	19	(a)	20	(b)
21	(c)	22	(d)	23	(a)	24	(b)	25	(c)
26	(d)	27	(b)	28	(c)	29	(c)	30	(d)
31	(a)	32	(a)	33	(c)	34	(b)	35	(b)
36	(d)	37	(d)	38	(d)	39	(d)	40	(b)
41	(b)	42	(b)	43	(c)	44	(b)	45	(b)
46	(a)	47	(c)	48	(c)	49	(d)	50	(a)
51	(a)	52	(c)	53	(a)	54	(a)	55	(d)
56	(a)	57	(c)	58	(c)	59	(d)	60	(c)



Test Series: October, 2020

PAPER – 4 PART- II: BUSINESS

AND COMMERCIAL

KNOWLEDGE

ANSWERS

61	62	63	64	65	66	67	68	69	70
(b)	(a)	(d)	(a)	(b)	(a)	(b)	(b)	(c)	(b)
71	72	73	74	75	76	77	78	79	80
(c)	(c)	(c)	(b)	(b)	(d)	(b)	(a)	(b)	(c)
81	82	83	84	85	86	87	88	89	90
(c)	(b)	(d)	(d)	(c)	(b)	(b)	(d)	(b)	(b)
91	92	93	94	95	96	97	98	99	100
(d)	(a)	(c)	(b)	(a)	(d)	(a)	(d)	(c)	(b)



Test Series: April 2021

MOCK TEST PAPER 2

FOUNDATION COURSE

PAPER 4: BUSINESS ECONOMICS AND

BUSINESS AND COMMERCIAL

KNOWLEDGE PART- I: BUSINESS

ECONOMICS

QUESTIONS

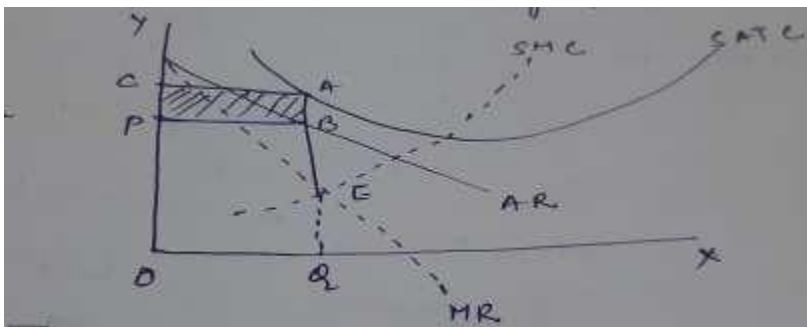
1. An Applied Economics that fills the gap between economic theory and business practice:
 - (a) Business Economics
 - (b) Macro Economics
 - (c) Welfare Economics
 - (d) None of these
2. Administered price are determined in socialism by:
 - (a) Market Forces
 - (b) Government
 - (c) Both (a) and (b)
 - (d) None of these
3. Exception to the law of demand
 - (a) Speculative effect
 - (b) Fear of Shortage
 - (c) Ignorance
 - (d) All the above
4. The Shape of TC Curve of the monopolist is _____
 - (a) U Shape
 - (b) S Shape
 - (c) Inverse S Shape
 - (d) None of these
5. Unique supply curve in monopoly is not due to _____
 - (a) $P > MC$
 - (b) $P < MC$



- (c) $P = MC$
(d) None of these
6. Shampoo manufactures is an example of :
- (a) Perfect Competition
(b) Monopolistic Competition
(c) Monopoly
(d) None of these
7. Reliance Jio can be described as part of which form to market structure:
- (a) Oligopoly
(b) Monopoly
(c) Duopoly
(d) Perfect Competition
8. Price Elasticity of demand of a firm is infinite in _____
- (a) Monopoly
(b) Perfect Competition
(c) Oligopoly
(d) Monopolistic Competition
9. Price Discrimination cannot be implemented?
- (a) When there is perfect competition in the market.
(b) Elasticity of demand must be different in both the market.
(c) Two or more market which can be separated and can be kept separate.
(d) All the above
10. Raw materials and other factors of production is not monopolised, and labour is not unionised in which form of market structure:
- (a) Monopoly
(b) Perfect Competition
(c) Monopolistic Competition
(d) Oligopoly
11. AR is different from MR under:
- (a) Monopoly
(b) Monopolistic competition
(c) Perfect Competition



- (d) Both a and b
12. Wild Animals had destroyed the entire crops of a farmer what effect it will have on the price in perfect competition:
- Price will remain constant
 - Price will decrease
 - Price will increase
 - None of these
13. Cross elasticity of Product in Monopoly is:
- Zero
 - High
 - Infinity
 - None of these
14. In the following diagram the Monopolist is incurring -----



- Losses
 - Profit
 - Super normal profit
 - None of these
15. The dilemma faced by a Monopolistic is setting_____.
- Price
 - Output
 - Both a and b
 - Either a or b
16. Innovation theory is propounded by :
- Schumpeter
 - Nicholas Kaldor
 - Keynes



- (d) None of these
17. Fluctuations in Economic activities are due to:
- (a) Aggregate demand
 - (b) Aggregate effective demand
 - (c) Effective demand
 - (d) None of these
18. During expansion phase of business cycle which of the following does not occur:
- (a) Business profits and business confidence tend to increase
 - (b) Demand for labour increases as employment increases.
 - (c) Purchase of all types of goods is increased by consumer.
 - (d) None of these
19. Phase of business cycle are ____
- (a) Expansion, peak, contraction, and trough
 - (b) Contraction, expansion, trough, and boom.
 - (c) Expansion, contraction, peak and trough
 - (d) Peak, depression, bust and boom
20. External causes of business Cycle are:
- (a) Money Supply
 - (b) Fluctuations in Investment
 - (c) Technological Shock
 - (d) None of these
21. Great Depression of 1930's is an example of:
- (a) Business cycle
 - (b) Consumer sovereignty
 - (c) Freedom of choice
 - (d) None of these
22. Which of the following is a normative statement?
- (a) Health care basic facilities to be provided to all citizens.
 - (b) With Industrialisation, unemployment rate decreases.
 - (c) On national defence India spent huge amount of money.
 - (d) None of these



23. Which of the following is not a demerit of Capitalism?
- (a) The pattern of demand does not represent the real need of the society.
 - (b) Strikes and lockdown are very common under capitalism
 - (c) Capitalism usually functions in a democratic framework.
 - (d) None of these
24. Socialist economy does have:
- (a) Right to work and minimum standard to living
 - (b) Absence of competition
 - (c) Right to private property
 - (d) Both a and b
25. Scarcity of resources occurs due to:
- (a) High demand of resources
 - (b) Absence of Substitutes
 - (c) Mismanagement and inequality
 - (d) All of these
26. In case of inferior goods:
- (a) Income effect and substitution effect work in opposite direction
 - (b) Income effect and substitution effect work in same direction
 - (c) It leads consumer to purchase less of a good and more of the substitute
 - (d) None of these
27. If $MU_x = 30$, $P_x = 5$, $MU_y = 40$ the value of P_y will be
- (a) 10
 - (b) 15
 - (c) 6
 - (d) None of these
28. When the demand curve is parallel to Y axis the elasticity of demand will be _____
- (a) Zero
 - (b) Utility
 - (c) Less than Unity
 - (d) None of these
29. A rise in sale of which type of good is expected in the case of recession:
- (a) Luxury



- (b) Necessity
(c) Interior
(d) Normal
30. If price of both goods fall how would the budget line is affected?
(a) The budget line will shift to left.
(b) The budget line will shift to right
(c) The budget line will not change
(d) The new budget line will have the same slope as the original so long as the price of both goods change in the same proposition.
31. When price of a good rises from Rs. 20 to Rs. 30 the producer supply 20 percent more the Price elasticity of supply is
(a) 0.5
(b) 0.4
(c) 1
(d) None of these
32. Cartels can be formed in which form of market:
(a) Perfect competition
(b) Monopoly
(c) Oligopoly
(d) None of these
33. Average revenue curve is more elastic under monopolistic competition than under monopoly due to:
(a) Government control
(b) Availability of close substitute
(c) Lack of no substitute
(d) None of these
34. From the following demand curve determine the elasticity at the given price
 $Q = 1200 - 10P$
When $P = 5$, $dQ/dP = 10$
(a) Elastic
(b) Inelastic
(c) Unitary elastic
(d) None of these
35. The Delphi process is a technique of:



- (a) Budget Analysis
(b) Demand forecasting
(c) Cost Analysis
(d) None of these
36. If the Price of Thumps Up increase the demand curve of Pepsi will:
(a) Remain at the same level
(b) Shift towards right
(c) Shift towards left
(d) None of those
37. Consumer surplus means:
(a) Area between the average revenue and marginal revenue curve.
(b) Area inside the budget line above the price of the commodity.
(c) Difference between the market price and the surplus curve.
(d) Difference between the maximum amount a person is willing to pay for a good and its maximum price
38. Which of the following is a variable cost in the short run?
(a) Rent
(b) Wages
(c) Internal payments on borrowed financial capital
(d) None of these
39. Linear homogeneous function means:
(a) Input and output increases by same proportions.
(b) Input increases by some proportions and output increase more than proportionately
(c) Input increase by some proportion and output less than the proportionately
(d) None of these
40. When output of a firm increases in the short run, its average fixed cost:
(a) Decreases
(b) Increases
(c) Remain constant
(d) First rises then decline
41. If a very small factory were to expand its scale of operations in the long run it is likely that it would initially experience:
(a) Constant returns to scale
(b) Diseconomies of scale
(c) Economies of scale



- (d) None of these
42. Entry of firms is barred in which form of market structure:
- (a) Oligopoly
 - (b) Monopoly
 - (c) Perfect Competition
 - (d) Monopolistic Competition
43. In the absence of competition the monopolist:
- (a) The monopolist need not produce at the optimal level
 - (b) Produce at the optimal level
 - (c) Either a or b
 - (d) None of these
44. The firm's Cost function is not a determinant of:
- (a) The price of the labour
 - (b) The price of the firm's output
 - (c) Taxes
 - (d) The production functions
45. Normal profit is part of :
- (a) Implicit Costs
 - (b) Average Cost
 - (c) Explicit Cost
 - (d) None of these
46. Monopoly market and Monopsony market when in combination caused:
- (a) Monopolistic market
 - (b) Oligopoly market
 - (c) Bilateral Monopoly market
 - (d) Duopoly market.
47. What will be the shape of indifference curve in case of two perfect substitute:
- (a) C Shaped
 - (b) L Shaped
 - (c) U Shaped
 - (d) Straight line
48. The Turning point of business cycle is practiced by :
- (a) Leading Indicator



- (b) Coincident
(c) Lagging indicator
(d) All the above
49. Modern business activities are based on the anticipations of business community and are affected by waves of optimism or pessimism:
- (a) Pigou
(b) Schumpeter
(c) Hawtrey
(d) Keynes
50. Which of the following statement is correct?
- (a) An industry consists of many firms.
(b) Price rigidity is an important feature of monopoly.
(c) Under perfect competition factors of production do not move freely
(d) Selling cost are possible under perfect competition.
51. Which of the Statement is correct: -
- (a) Isoquant slopes downwards from left to right
(b) No two Isoquant can intersect each other
(c) Isoquants are convex to the origin
(d) All the above
52. Suppose production function is given by:
 $Q_2 = 15\sqrt{LK}$ what type of return does is exhibit?



- (a) Constant return
(b) Increasing return
(c) Decreasing return
(d) None of these
53. The slope of Isocost line is
(a) w/r
(b) r/w
(c) $r \times w$
(d) None of these
54. Relative price of goods reflects their:
(a) Opportunity Cost
(b) Fixed Cost
(c) Average Cost
(d) None of these
55. A mfg. company has $TFC = 120$ lakhs, $TVC = 100Q + 7Q^2 + 0.25Q^3$ Calculate the MC?
(a) $100 + 1.4Q + 0.75Q^2$
(b) $120 + 7Q^2 + 0.25Q^3$
(c) $100 + 7Q^2 + 0.25Q^3$
(d) None of these
56. Marketing Planning is based on:
(a) Demand forecasting
(b) Demand function
(c) Demand estimation
(d) Demand Analysis
57. Monopolistic Competition theory architect was :
(a) Roden
(b) Marx
(c) J R Hicks
(d) Chamberlin



58. Production function in short run is called:
- (a) Production possibility frontier
 - (b) Return to Scale
 - (c) Laws of variable
 - (d) None of these
59. Which markets form has features or selling cost :
- (a) Oligopoly
 - (b) Monopolistic Competition
 - (c) Monopoly
 - (d) None of these
60. Cinema Halls, Telephone bills etc are following
- (a) Differential Pricing
 - (b) Full cost pricing
 - (c) Marginal Cost Pricing
 - (d) None of these

PAPER – 4 PART II: BUSINESS AND COMMERCIAL KNOWLEDGE

QUESTIONS

Marks: 40

Max.

1. Marketing, Finance, Operations, Human Behaviour, Law and Policy, Economics, all together derive BCK. What does it tell us about BCK's domains?
- (a) BCK is Vast
 - (b) BCK is Expanding
 - (c) BCK is Eclectic
 - (d) BCK is Vague
2. Gain for one is a loss for someone else - this concept can be understood by which of the characteristics of Business Environment?
- (a) It is Dynamic
 - (b) It has far reaching impact
 - (c) It is multi-faceted
 - (d) It is complex
3. Bank of Madras was acquired by which of these?
- (a) ICICI Bank Ltd
 - (b) State Bank of India



- (c) Life Insurance Corporation of India (LIC)
(d) HDFC Bank Ltd
4. Policy Context has a core motive behind it, which is?
(a) Economic Welfare
(b) GDP Growth
(c) Holistic Development
(d) Social Welfare
5. Which of the following is not a function of RBI?
(a) Promotion of Banking
(b) Collection of Foreign Institutional Data
(c) Banker to Government
(d) Funding NABARD
6. Highest Price the buyer is willing to pay is called?
(a) Bid
(b) Ask
(c) Badla
(d) Beta
7. The structure in which there is a separation of ownership and management is called
(a) Sole proprietorship
(b) Partnership
(c) Company
(d) All business organisations
8. Which of the following is not an example of socio-cultural environment?
(a) Role of women in society
(b) Rising income
(c) Family structure
(d) Educational levels
9. Which of the following is founded by two Danish Engineers taking refuge in India?
(a) Cipla Ltd
(b) L&T Ltd
(c) Flipkart
(d) NTPC Ltd



10. Policy Formulation process is?
 - (a) Uni-Directional
 - (b) Bi-Directional
 - (c) Multi-Directional
 - (d) Single Point of Contact Oriented
11. Free and fair competition ensures all, except?
 - (a) Punishing the laggards
 - (b) Boosts fixed choice preferences of customers
 - (c) Increases Efficiency
 - (d) Encourages Innovation
12. Security whose price is derived from another underlying asset is called?
 - (a) Derivative
 - (b) Options
 - (c) Forwards
 - (d) Futures
13. Maximum number of members in a Private limited company are:
 - (a) 50
 - (b) 200
 - (c) 20
 - (d) 500
14. Environmental analysis helps in:
 - (a) Providing input for strategic decision making
 - (b) Turning threats to firm's advantage
 - (c) Anticipate opportunities and to take optimal responses
 - (d) All of the above
15. Which one of the following is not a foreign company?
 - (a) Dr. Reddy's Laboratories Ltd.
 - (b) Walmart
 - (c) Nestle
 - (d) HP
16. Privatization may not be of conceptualized in form of:
 - (a) Divestment



- (b) Disinvestment
 - (c) Dedication
 - (d) Displacement
17. Which one of the following is not a SEBI function as one body?
- (a) Quasi-legislative
 - (b) Quasi-judicial
 - (c) Quasi-fiscal
 - (d) Quasi-executive
18. ADR stands for:
- (a) American Deficit Record
 - (b) American Depository Receipt
 - (c) Asset Depreciation Record
 - (d) Asset Depository Receipt
19. A HUF cannot comprise members of a:
- (a) Hindu & Sikh family
 - (b) Jain family
 - (c) Buddhist family
 - (d) Muslim family
20. The term PESTLE analysis is used to describe a framework for analyzing:
- (a) Macro Environment
 - (b) Micro Environment
 - (c) Both Macro and Micro Environment
 - (d) None of above
21. Indane LPG is the product of which corporation in India?
- (a) IOCL
 - (b) NTPC
 - (c) ONGC
 - (d) PGCIL
22. Simplification of trade restrictions related to import is an example of:
- (a) Globalization
 - (b) Privatization
 - (c) Disinvestment
 - (d) Aggregation
23. The RBI has been vested with extensive power to control and supervise commercial



- banking system under the-
- (a) Reserve Bank of India Act, 1934
 - (b) The Banking Regulation Act, 1949
 - (c) Both (a) and (b)
 - (d) The Companies Act, 2013
24. _____ is a strategy that is used to minimize the risk of a particular investment and maximize the returns of an investment.
- (a) Cap
 - (b) Encryption
 - (c) Hedge
 - (d) Term insurance
25. Which of the following is not an economic objective of the firm?
- (a) Sales growth
 - (b) Improvement in market share
 - (c) Profits and return on investment
 - (d) Conservation of natural resources
26. Mark incorrect: Partnership implies
- (a) Contractual ownership of business
 - (b) Liability of partner is limited to the extent of one's share capital
 - (c) The contract is an agreement enforceable at law is called deed
 - (d) Deed may be registered in India under the Partnership Act, 1932
27. Who is the present CEO and MD of Larsen & Toubro Ltd.?
- (a) Keshab Pandey
 - (b) K R Krishanmurthy
 - (c) S N Subrahmanyam
 - (d) None of these
28. 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.
29. Economic Reforms introduced in India in 1992 are called LPG that refers to



- (a) Liquidation of loss making units
 - (b) Popularise Public private partnership
 - (c) Good governance
 - (d) None of the above
30. Setting low prices in order to discourage or deter potential new entrants to the suppliers market:
- (a) Pre-Emptive Pricing
 - (b) Price Sensitivity
 - (c) Price Discrimination
 - (d) Price Elasticity
31. Mark the Correct:
- (a) Hindu Succession Act, 1956 is applicable in HUF.
 - (b) LLP firm may be constituted on basis of LLP Act 2009.
 - (c) A dormant company registered under Companies Act, 2013.
 - (d) All are correct.
32. PESTLE refers to:
- (a) Political, Economic, Social, Technological, Legal & Environmental factors affecting business.
 - (b) All these are external factors.
 - (c) All these constitute macro environment.
 - (d) All of the above.
33. Which company ranked 2rd on Forbes World's Best Employer's List 2020?
- (a) Amazon
 - (b) Walmart
 - (c) Microsoft
 - (d) Apple
34. 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.
35. 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
36. What is consolidation?
- (a) It is an expense that is supposed to reflect the loss in value of a fixed asset.
 - (b) Combination of two or more entities that occurs when the entities transfer all their net assets to a new entity created for that purpose.
 - (c) Potential liability arising from a past transaction or a subsequent event.
 - (d) Costs that can be attributed clearly to the activity you are considering.
37. Who is the present chairman of Wipro Limited?
- (a) Azim Premji
 - (b) Rishad Premji
 - (c) Thierry Delaporte
 - (d) (a) and (b)
38. Business and technology are:
- (a) Interrelated
 - (b) Interdependent
 - (c) Interrelated & Interdependent
 - (d) None of the above
39. Self Help Groups are catered specifically by?
- (a) All development banks
 - (b) SIDBI
 - (c) RBI
 - (d) NABARD
40. Government decides to spend 400 crores in the next 5 years for the benefit of women entrepreneurs in India. This is an example of?
- (a) Fiscal Policy
 - (b) Monetary Policy
 - (c) FDI Policy
 - (d) Industrial Policy

Test Series: April, 2021

MOCK TEST

PAPER 2



FOUNDATION

COURSE

PAPER 4: BUSINESS ECONOMICS AND BUSINESS AND COMMERCIAL

KNOWLEDGE PART - I: BUSINESS ECONOMICS

ANSWERS

1	(a)	11	(d)	21	(a)	31	(b)	41	(c)	51	(d)
2	(b)	12	(a)	22	(a)	32	(c)	42	(b)	52	(a)
3	(d)	13	(a)	23	(c)	33	(b)	43	(a)	53	(a)
4	(c)	14	(a)	24	(d)	34	(b)	44	(b)	54	(a)
5	(a)	15	(d)	25	(d)	35	(b)	45	(a)	55	(a)
6	(b)	16	(a)	26	(a)	36	(b)	46	(c)	56	(a)
7	(a)	17	(b)	27	(a)	37	(d)	47	(d)	57	(d)
8	(b)	18	(c)	28	(a)	38	(b)	48	(d)	58	(c)
9	(d)	19	(a)	29	(c)	39	(a)	49	(a)	59	(b)
10	(b)	20	(c)	30	(d)	40	(b)	50	(a)	60	(a)

PAPER – 4 PART II: BUSINESS AND COMMERCIAL KNOWLEDGE

ANSWERS

1	2	3	4	5	6	7	8	9	10
(c)	(c)	(a)	(c)	(b)	(a)	(c)	(b)	(b)	(b)
11	12	13	14	15	16	17	18	19	20
(b)	(a)	(b)	(d)	(a)	(c)	(c)	(b)	(d)	(a)
21	22	23	24	25	26	27	28	29	30
(a)	(a)	(c)	(c)	(d)	(b)	(c)	(c)	(d)	(a)
31	32	33	34	35	36	37	38	39	40
(d)	(d)	(a)	(c)	(a)	(b)	(b)	(c)	(d)	(a)



Test Series: March, 2021

MOCK TEST PAPER 1

FOUNDATION COURSE

PAPER 4: BUSINESS ECONOMICS AND BUSINESS AND COMMERCIAL KNOWLEDGE PART-

I: BUSINESS ECONOMICS

QUESTIONS

1. The Book "The Wealth of Nations" is written by:
 - (a) Adam Smith
 - (b) Arthur Pigou
 - (c) Robinson
 - (d) Ragnar Nurske
2. The Nature of Business Economics:
 - (a) Business Economics is a Science
 - (b) Incorporate elements of Macro Analysis
 - (c) Interdisciplinary in Nature
 - (d) All the above
3. Which of these country is a purely socialist economy?
 - (a) USSR
 - (b) China
 - (c) Vietnam
 - (d) None of these
4. Rational decision making requires that:
 - (a) one's choice be arrived at logically and without error.
 - (b) one's choice be consistent with one's goal.
 - (c) one's choice never vary.
 - (d) the consumer plan's to attain the highest possible level of satisfaction.
5. The substitution effect will be stronger when:
 - (a) the goods are closer substitute
 - (b) there is lower cost of switching to the substitute good.
 - (c) there is lower inconvenience while switching to the substitute good.
 - (d) all the above



6. What are the internal causes of business cycle?
 - (a) fluctuations in effective demand.
 - (b) macroeconomic policies
 - (c) money Supply
 - (d) All the above
7. According to Hawtrey trade cycle is a _
 - (a) monetary Phenomenon
 - (b) unplanned Phenomenon
 - (c) fiscal Phenomenon
 - (d) all the above
8. Which of the following describe a typical business cycle?
 - (a) economic expansions are followed by contractions.
 - (b) inflation is followed by rising income and unemployment.
 - (c) economic expansion are followed by economic growth and development.
 - (d) stagflation is followed by Inflationary growth.
- (9) A relative price is:
 - (a) price expressed in terms of money.
 - (b) the ratio of one money price to another
 - (c) equal to money price.
 - (d) none of these.
10. In case of substitute product:
 - (a) demand curve slope upwards.
 - (b) demand curve slope downwards
 - (c) demand curve is perfectly elastic
 - (d) none of these.
11. A dealer sells only two brands of Motorcycle- Royal and Hero. It was observed that when the price of royal rises by 10% the demand for Hero increases by 15%. What is the cross elasticity of Hero against the Price of Royal?
 - (a) + 1.5
 - (b) -1.5
 - (c) 2.5
 - (d) none of these
12. When $e = 0$, elasticity of demand is :



- (a) perfectly elastic
 - (b) unitary elastic
 - (c) inelastic
 - (d) perfectly inelastic demand
13. A rise in price will -
- (a) increase in consumer surplus
 - (b) decrease in consumer surplus
 - (c) no change in consumer surplus
 - (d) none of these
14. Marginal Product is the slope of -
- (a) marginal product curve
 - (b) average product curve
 - (c) total product curve
 - (d) implicit product curve
15. Law of Production does not include _
- (a) least cost combination of factors
 - (b) law of variable proportion
 - (c) law of diminishing returns to a factor
 - (d) return to scale
16. Which of the following statement is correct concerning the relationship among the firm's cost function:
- (a) $TC = TVC - TFC$
 - (b) $TFC = TC - TVC$
 - (c) $TC = TFC - TVC$
 - (d) $TVC = TFC - TC$
17. In the Cobb Douglas function the change in output due to increase in one additional unit of an input is called?
- (a) elasticity
 - (b) return to scale
 - (c) total product
 - (d) marginal revenue
18. The condition for pure competition to be fulfilled are -
- (a) large numbers of buyers and sellers
 - (b) products are homogeneous
 - (c) firms are free from entry and exit from the market



- (d) all the above
19. When the firm is in the long run equilibrium in perfect competition which of the following is true -
- (a) $AC = MR$
 - (b) $TR = TC$
 - (c) the firm are earning supernormal profit
 - (d) None of these
20. The opportunity cost of a good is :
- (a) loss of interest in using savings
 - (b) time lost in finding it.
 - (c) quality of other goods sacrificed to get another unit of that good.
 - (d) none of these
21. Which is not the characteristics of monopolistic competition:
- (a) large number of sellers
 - (b) homogeneous Product
 - (c) freedom of entry and exit
 - (d) non price discrimination
22. Demand Curve in the monopolistic competition is -
- (a) infinitely elastic
 - (b) downward sloping and highly inelastic
 - (c) downward sloping and more elastic demand curve.
 - (d) none of these.
23. The concept of price rigidity in Sweezy's model is related to which market form:
- (a) oligopoly market
 - (b) perfect competition market
 - (c) monopoly market
 - (d) monopolistic market
24. Which of the following statement is incorrect ?
- (a) there is no difference between a firm and an Industry
 - (b) monopolist may raise the price and restrict the output
 - (c) heterogeneous product are offered for sale in perfect competition
 - (d) in monopolistic competition product differentiation is peculiar.
25. Foreign Exchange market is an example of -



- (a) perfect competition
 - (b) oligopoly
 - (c) monopoly
 - (d) monopolistic competition
26. Under which market form price discrimination cannot persist -
- (a) oligopoly
 - (b) monopolistic competition
 - (c) monopoly
 - (d) perfect competition.
27. The Relationship between AR, MR and Price Elasticity -
- (a) $MR = AR \times e - 1 \div e$
 - (b) $AR = MR \times e - 1 \div e$
 - (c) $AR - MR = e - 1 \div e$
 - (d) None of these
28. The Price elasticity for Monopolistic Firm is :
- (a) $e > 1$
 - (b) $e < 1$
 - (c) $e = 1$
 - (d) none of these
29. Dynamic fare charged by Indian railways is an example of :
- (a) pure monopoly
 - (b) discriminating monopoly
 - (c) perfect competition
 - (d) none of these
30. Price discrimination is possible when
- (a) seller should have some control over the supply of the Product
 - (b) price elasticity of the product should be different in different submarket
 - (c) seller should be able to divide his market into two or more submarket
 - (d) none of these
31. When a small change in price leads to a large change in demand the demand is
- (a) inelastic
 - (b) elastic
 - (c) stagnant



- (d) fixed
32. The relationship between price and quantity supplied in law of supply is:
- (a) proportionate
 - (b) homogenous
 - (c) inverse
 - (d) direct
33. The stages in law of variable proportion is :
- (a) 1
 - (b) 2
 - (c) 3
 - (d) 4
34. Certain benefit an Industry gets when it expands its scale of production is known as:
- (a) Internal economies
 - (b) diseconomies
 - (c) external economies
 - (d) profit
35. The Interest on own capital is:
- (a) implicit cost
 - (b) future cost
 - (c) explicit cost
 - (d) past cost
36. The shape of TR curve of the monopolist is :
- (a) u shaped
 - (b) inverted u shaped
 - (c) downward sloping
 - (d) none of these.
37. The distinction between selling cost and production cost was made by:
- (a) Chamberlin
 - (b) Sweezy
 - (c) Mrs Joan Robinson
 - (d) None of these
38. The firm and industry are same in :
- (a) duopoly



- (b) monopoly
(c) perfect competition
(d) none of these
39. For luxuries goods the income elasticity is :
- (a) $e > 1$
(b) $e < 1$
(c) $e = 0$
(d) none of these
40. Long run average cost (LAC) is :
- (a) u shaped
(b) is also called envelope curve
(c) both a and b
(d) none of these
41. Under perfect competition the supply curve is derived from :
- (a) MC curve
(b) AC curve
(c) TC Curve
(d) none of these.
42. When goods are complementary the indifference curve is :
- (a) is a straight line
(b) is convex to the origin
(c) consist of two straight line with a right angle bent.
(d) none of these
43. The Consumer is in equilibrium when:
- (a) the budget line is tangent to the indifference curve
(b) marginal rate of substitution of one good for another must be equal to the price ratio of the twogoods
(c) either a or b
(d) none of these
44. When average cost is equal to average revenue of a firm, it gets_____.
- (a) sub normal profit
(b) normal profit
(c) abnormal profit
(d) super profit



45. Demand for factor of production is
- (a) supplementary demand
 - (b) intermediate goods
 - (c) derived demand
 - (d) complementary demand
46. The producer's demand for a factor of production is governed by the _____ of that factor.
- (a) price
 - (b) marginal productivity
 - (c) availability
 - (d) profitability
47. A rise in supply and demand in equal proportion will result in
- (a) increase in equilibrium price and decrease in equilibrium quantity
 - (b) decrease in equilibrium price and increase in equilibrium quantity
 - (c) no change in equilibrium price and increase in equilibrium quantity
 - (d) increase in equilibrium price and no change in equilibrium quantity
48. The slope of isoquant is :
- (a) upward to the left
 - (b) downward to the right
 - (c) downward to the left
 - (d) upward to the right
49. The cross elasticity between tea and coffee is :
- (a) infinite
 - (b) positive
 - (c) zero
 - (d) negative
50. When the output increases from 20 to 30 units and TR increases from Rs 400 to Rs 500 then MR is
- (a) 20
 - (b) 10
 - (c) 15
 - (d) none of these
51. In case of diminishing return to a factor:



- (a) marginal product diminishes
 - (b) total product increase at increasing rate
 - (c) total product increases at diminishing rate
 - (d) both a and b
52. Break even point indicate which of the following ?
- (a) $TR = TC$
 - (b) $TR > TC$
 - (c) $TR = TVC$
 - (d) none of these
53. Negative return sets in at the stage when:
- (a) MP is negative
 - (b) MP is diminishing
 - (c) MP is rising
 - (d) none of these
54. The problem what to produce relates to:
- (a) choice of goods and services
 - (b) distribution of Income
 - (c) choice of technique
 - (d) market value of goods and services
55. When violation of law of demand occurs:
- (a) substitution effect is negative
 - (b) income effect is negative
 - (c) negative income effect is less than substitution effect
 - (d) negative income effect is greater than substitution effect
56. Average revenue curve is more elastic under monopolistic competition than monopoly due to
- (a) low degree of governmental control
 - (b) lack of close substitute
 - (c) availability of close substitute
 - (d) none of these
57. The producer reduces supply from 100 units to 50 units. When the price falls from Rs 20 to Rs 10, the price elasticity of supply will be :
- (a) 1
 - (b) 2



- (c) 4
(d) none of these
58. The Government offer minimum assured price to the farmers to purchase their output is called:
- (a) market Price
(b) support Price
(c) equilibrium Price
(d) ceiling Price
59. The price in collusive oligopoly is decided by:
- (a) firm
(b) price leader
(c) industry
(d) none of these
60. The marginal utility from last unit consumed of commodity Y = 50 Units and $MU_m = 10$. The consumer is in equilibrium and consuming commodity y only. Find the Price of Commodity Y–
- (a) 5
(b) 10
(c) 40
(d) None of these

**PAPER – 4 PART II: BUSINESS AND COMMERCIAL KNOWLEDGE
QUESTIONS**

Max. Marks: 40

1. Which of the following concern is related to business and commercial knowledge?
- (a) Sustainability
(b) Sociology
(c) Traditional
(d) Social at large
2. Which of the following is least appropriate for business environment?
- (a) It is Dynamic
(b) It is Multi-faceted
(c) It is rigid
(d) It is complex
3. Where is India's largest SEZ?
- (a) Hazira



- (b) Dhamra
 - (c) Tehri
 - (d) Mundra
4. Indigo, Spice Jet and Vistara, operating in Indian aviation, are a result of?
- (a) Privatisation
 - (b) Liberalisation
 - (c) Globalisation
 - (d) Foreign Direct Investment
5. Which of the following is Government's initiative for furthering and facilitating businesses in India?
- (a) Good and Service Tax
 - (b) Make in India
 - (c) Skill India
 - (d) Beti Bachao Beti Padhao
6. People occupy different job positions and deliver their respective responsibilities to meet the organization's administrative role. Which facet of business is concerned with above statement?
- (a) Administrative Facet
 - (b) HR Facet
 - (c) Technical Facet
 - (d) Financial Facet
7. Which of the following is not a domain/characteristic of business and commercial knowledge?
- (a) It is Independent
 - (b) It is Ever Expanding
 - (c) It is Vast
 - (d) It is Multi-Disciplinary
8. Business environment is important to understand for the following reasons, except?
- (a) Gives direction for growth
 - (b) Determines opportunities and threats
 - (c) Continuous learning
 - (d) Overlooking Competition



9. Who is Axis Bank's Chief Financial Officer?
 - (a) Jairam Sridharan
 - (b) Nikhil Asopa
 - (c) Narayan Swaminathan
 - (d) Rakesh Makhija
10. Foreign Exchange Management Act (FEMA), would fall under which of the following type of Public Policy?
 - (a) Restrictive
 - (b) Regulatory
 - (c) Facilitating
 - (d) Advisory
11. Which of the following is not a Funding Institution?
 - (a) World Bank
 - (b) NABARD
 - (c) Reserve Bank of India
 - (d) International Monetary Fund
12. A stock market where number of transactions are very low and thus, the volatility in the market is huge, is called?
 - (a) Thin Market
 - (b) Slow Market
 - (c) Lazy Market
 - (d) Weak Market
13. The Indian Companies Act, 2013 provides for the registration of:
 - (a) Private Limited
 - (b) Public Company
 - (c) One Person Company
 - (d) All of the above
14. The businesses should continuously _____ and _____ to the environment if it is to service and prosper.
 - (a) Identify, appraise
 - (b) Monitor, adapt



- (c) Identify, monitor
(d) Monitor, appraise
15. Who founded Wipro Limited?
(a) Azim Premji
(b) Mohamed Premji
(c) Ratan Tata
(d) Narayan Murthy
16. Reforms in Dowry Act and Divorce Act are the examples of:
(a) Economic Reforms
(b) Cultural Reforms
(c) Commercial Reforms
(d) Socio-cultural Reforms
17. All scheduled banks are required to maintain a certain minimum cash reserve ratio with the RBI. This provision enables RBI to ensure what?
(a) Forex Rate Fluctuation
(b) Credit Position of the Country
(c) Savings of People
(d) Collect Public Data of Money held by People
18. 'Personal selling' is done through:
(a) Written communication
(b) Oral communication
(c) TV and media
(d) Sign language
19. Which of the following is not true about a Limited Liability Partnership (LLP)?
(a) Separate Legal Entity
(b) Incorporation not mandatory like normal partnership
(c) Designated Partners
(d) Hybrid Form of Business Organisation
20. Which of the following is not part of internal environment of a business organisation?
(a) Labor Unions
(b) Corporate Culture



- (c) Customers
(d) Organisational Structure
21. Ministry of Petroleum and Natural Gas owns which of the following?
(a) Indian Oil Corporation Ltd.
(b) GAIL Ltd.
(c) Bharat Petroleum
(d) Reliance Industries Ltd.
22. Foreign brands were welcomed in India and were also allowed to use their foreign brand name. Which of the following does use of foreign brand name relate to?
(a) Globalisation
(b) Privatisation
(c) Liberalisation
(d) Autonomy of Economy
23. Under which section of IRDAI Act can IRDAI function and impart its duties?
(a) Section 11 of IRDAI Act, 1999
(b) Section 21 of IRDAI Act, 1999
(c) Section 19 of IRDAI Act, 1999
(d) Section 14 of IRDAI Act, 1999
24. A company is said to undergo _____ when its assets are sold off piecemeal rather than one single operating entity?
(a) Acquisition
(b) Merger
(c) Liquidation
(d) Sale off
25. The maximum number of members of a private company is limited to
(a) 50
(b) 20
(c) 100
(d) 200
26. The performance of business in the private sector is measured by:



- (a) Profitability
 - (b) Customer Satisfaction
 - (c) No of employees
 - (d) The salary of Managing Director
27. Who was the founder of Walmart?
- (a) Sam Walton
 - (b) Bret Biggs
 - (c) Greg Penner
 - (d) Luca Maestri
28. FIPB stands for:
- (a) Foreign Institutional Promotion Board
 - (b) Foreign Institutional Preparatory Board
 - (c) Foreign Investment Priority Board
 - (d) Foreign Investment Promotion Board
29. Which one of the following is an Indian Regulatory Body that facilitates business organizations?
- (a) EXIM Bank
 - (b) NABARD
 - (c) IRDA
 - (d) IFCI
30. is the measure of return on investments in terms of percentage.
- (a) Yield
 - (b) Index
 - (c) Equity
 - (d) Bonus
31. Members of a Hindu Undivided Family are called?
- (a) Father
 - (b) Karta
 - (c) Coparcener
 - (d) Mitakshara
32. Which of the following statements is true?
- (a) Consumer and Customer are always the same person



- (b) Customer may or may not be the consumer
 - (c) Environmental study is optional for any business
 - (d) Micro Environment is a part of Internal Environment
33. "To empower every person and every organization on the planet to achieve more" is the mission statement of?
- (a) Bharti Airtel
 - (b) Amazon
 - (c) Microsoft
 - (d) HDFC Bank
34. Goods and Service Tax (GST), is a form of?
- (a) International Trade Policy
 - (b) Inclusive Policy
 - (c) Policy Reform
 - (d) Public Welfare Scheme
35. Which of the following does SEBI not cater to?
- (a) Government Organizations
 - (b) Investors
 - (c) Intermediaries
 - (d) Security Issuing Companies
36. Token money paid in the early stages of Negotiation is called?
- (a) Early Money Deposit
 - (b) Earning Money Deposit
 - (c) Token E-Cash
 - (d) Earnest Money Deposit
37. Current Reverse Repo Rate is 2.5%. The difference between repo and reverse repo shall be 250 basis points. RBI increases reverse repo by 150 basis points. What is the new Repo Rat?
- (a) 6%
 - (b) 6.5%
 - (c) 7%
 - (d) 7.5%



38. People in the stock market who anticipate lower returns are called?
- Sharks
 - Bears
 - Bulls
 - Elephants
39. Intermediaries exert a considerable influence on the business organisation. This statement is true for?
- Micro Environment
 - Macro Environment
 - Internal Environment
 - Economic Environment
40. A position when a person's assets are not enough to pay off the liabilities due, is called?
- Poverty
 - Risk Adjustment
 - Payoff
 - Insolvency

Test Series: March, 2021

MOCK TEST PAPER 1

FOUNDATION COURSE

PAPER 4: BUSINESS ECONOMICS AND BUSINESS AND COMMERCIAL KNOWLEDGE

PART - I: BUSINESS ECONOMICS

ANSWERS

1	(a)	11	(a)	21	(b)	31	(b)	41	(a)	51	(d)
2	(d)	12	(d)	22	(c)	32	(a)	42	(c)	52	(a)
3	(d)	13	(b)	23	(a)	33	(c)	43	(c)	53	(a)
4	(d)	14	(c)	24	(c)	34	(a)	44	(b)	54	(a)
5	(d)	15	(a)	25	(a)	35	(a)	45	(c)	55	(d)
6	(d)	16	(b)	26	(d)	36	(b)	46	(b)	56	(c)
7	(a)	17	(b)	27	(a)	37	(a)	47	(c)	57	(a)
8	(a)	18	(d)	28	(a)	38	(b)	48	(b)	58	(b)
9	(b)	19	(c)	29	(b)	39	(a)	49	(b)	59	(b)
10	(a)	20	(c)	30	(b)	40	(c)	50	(b)	60	(a)



PAPER – 4 PART II: BUSINESS AND COMMERCIAL KNOWLEDGE

ANSWERS

1	2	3	4	5	6	7	8	9	10
(a)	(c)	(d)	(a)	(b)	(b)	(a)	(d)	(a)	(b)

11	12	13	14	15	16	17	18	19	20
(c)	(a)	(d)	(b)	(b)	(d)	(b)	(b)	(b)	(c)
21	22	23	24	25	26	27	28	29	30
(b)	(c)	(d)	(c)	(d)	(b)	(a)	(d)	(c)	(a)
31	32	33	34	35	36	37	38	39	40
(c)	(b)	(c)	(c)	(a)	(d)	(b)	(b)	(a)	(d)



Test Series: November, 2021

MOCK TEST PAPER 2

FOUNDATION COURSE

PAPER 4: BUSINESS ECONOMICS AND BUSINESS AND COMMERCIAL KNOWLEDGE

PART- I: BUSINESS ECONOMICS (60

Marks)

QUESTIONS

Time Allowed – 3 Hours

Maximum Marks – 100

1. Which of the following is not a characteristics of capitalist economy:
 - (a) Right to Private Property
 - (b) Freedom of Enterprise
 - (c) Consumer Sovereignty
 - (d) Combined Sector
2. Which are the areas that come under Macro economics ____
 - (a) External Value of currency
 - (b) The general price level and interest rate
 - (c) Location of the industry
 - (d) National Income and National Output
3. Business Economics is a :
 - (a) Normative Science
 - (b) Interdisciplinary
 - (c) Pragmatic
 - (d) All of these
4. Scarcity of resource has to be dealt in:
 - (a) Capitalist Economy
 - (b) Socialist Economy
 - (c) Mixed Economy
 - (d) All of these
5. Large number of _____ goods would lead to higher production in future:
 - (a) Capital Goods
 - (b) Public Goods
 - (c) Consumer Goods



- (d) None of these
6. In case of Interior goods:
- (a) Income effect and substitution effect work in same direction.
 - (b) Income effect are substitution effect work in opposite direction
 - (c) Either (a) or (b)
 - (d) None of these
7. Rationale of the law of demand is:
- (a) Price effect of a fall in price
 - (b) Different uses
 - (c) Arrival of new consumers
 - (d) All of these
8. The cross elasticity between two goods will be:
- (a) Positive
 - (b) Negative
 - (c) Either (a) or (b)
 - (d) None of these
9. Demand for complementary goods are:
- (a) Derived Demand
 - (b) Autonomous demand
 - (c) Aggregate Demand
 - (d) None of these
10. Methods of demand forecasting are:
- (a) Survey of Buyer's intension
 - (b) Collective opinion Method
 - (c) Both (a) and (b)
 - (d) None of these
11. A Vertical supply curve parallel to Y axis implies that the elasticity of supply is:
- (a) Infinity
 - (b) Equal to One
 - (c) Zero
 - (d) Greater than one but less than Infinity
12. When total demand for a commodity whose price has fallen increases it is due to:



- (a) Price effect
(b) Income effect
(c) Substitution effect
(d) Complementary effect
13. In the quality supplied is exactly equal to the relative change in price then the elasticity of supply is:
(a) Greater than one
(b) Less than one
(c) One
(d) None of these
14. Production is the organized activity of transforming resource into finished products in the form of goods and services and the objective of production is to satisfy the demand of such transformed resources:
(a) James Bates and J.R Parteinson
(b) Malthus
(c) Walras
(d) Lipsey
15. What are the assumptions of Production Function:
(a) Relationship between inputs and output exists for a specific period of time.
(b) There is a given 'state of the art' in the production technology.
(c) Both (a) and (b)
(d) None of these
16. Envelope curve is also called:
(a) Long Run Average Cost curve
(b) Short Run Average Cost curve
(c) Average Fixed Cost
(d) None of these
17. Diminishing marginal returns inputs:
(a) Increasing Marginal Costs
(b) Decreasing Marginal Costs
(c) Decreasing Average Variable Costs
(d) None of these
18. Entrepreneur has its most important function as _____
(a) Bear the sense of responsibility



- (b) Earn profit
(c) Innovate
(d) None of these
19. Elasticity of substitution in Cobb-Douglas Function is:
- (a) Less than 1
(b) Equal to 1
(c) More than 1
(d) Infinity
20. Perfect Competition is closely represented by:
- (a) Stock Market
(b) Wheat Market
(c) Soft Drinks Market
(d) None of these
21. The budget line is also known as:
- (a) Production Possibility Curve
(b) Consumption Possibility Curve
(c) Iso Utility Curve
(d) None of these
22. When will a firm decide to exit the industry:
- (a) Total cost curve starts rising
(b) Marginal cost starts rising
(c) Average cost starts rising
(d) Price is less than LAC
23. The Average Product of labour is maximized when marginal product of labour:
- (a) Equals Zero
(b) Is maximized
(c) Equal the average product of labour
(d) None of those
24. If $e < 1$ the marginal revenue will be:
- (a) Positive
(b) Negative
(c) Zero



- (d) None of these
25. If $ATC > AR$ the monopolist will be incurring ____
- (a) Losses
 - (b) Profit
 - (c) Neutral
 - (d) None of these
26. Electricity Companies sells electricity at a cheaper rate in rural areas than for industrial use due to :
- (a) Price Discrimination
 - (b) Perfect Competition
 - (c) Monopolistic Competition
 - (d) None of these
27. Pears, Liril & Dove are example of
- (a) Perfect Competition
 - (b) Monopoly
 - (c) Monopolistic Competition
 - (d) None of these
28. Which of the following is not the characteristic of Oligopoly market:
- (a) Strategic Independence
 - (b) Importance of advertising and selling cost
 - (c) Group behaviour
 - (d) Regional Market
29. The element of market are:
- (a) Buyers and Sellers
 - (b) A Product or Service
 - (c) Geographical Area
 - (d) Bargaining for a price
30. U Shaped Cost Curve is never represented as:
- (a) Average Fixed Cost Curve
 - (b) Marginal Cost Curve
 - (c) Average Cost Curve
 - (d) Average Variable Cost Curve



31. For a Price taking firm:
- (a) Marginal revenue is less than Price
 - (b) Marginal revenue is equal to Price
 - (c) The relationship between behavior marginal revenue and Price is indeterminate
 - (d) Marginal revenue is greater than price
32. Monopolist Charges different price for his commodity in discriminating monopoly implies:
- (a) At different places
 - (b) For different uses
 - (c) From different group of consumers
 - (d) Any of the above
33. Full capacity is utilized only when there is:
- (a) Perfect Competition
 - (b) Monopoly
 - (c) Monopolistic Competition
 - (d) Price discrimination
34. Coincident indicator is not indicated as:
- (a) Inflation
 - (b) Industrial Production
 - (c) Retail Sales
 - (d) New order for Plant and equipment
35. Which of the following is not an external causes of Business Cycle:
- (a) Technology Shock
 - (b) Fluctuations in Investment
 - (c) Natural Factors
 - (d) Population Growth
36. According to whom fluctuations in economic activities are due to fluctuations in aggregate effective demand:
- (a) Scumpeter
 - (b) Pigou
 - (c) Keynes
 - (d) Hawtrey
37. Collectively peaks and troughs together is known as:



- (a) Turning Points
 - (b) Contraction
 - (c) Expansion
 - (d) A trough
38. Variables that change before the real output changes are called:
- (a) Lagging indicator
 - (b) Leading Indicator
 - (c) Concurrent Indicator
 - (d) None of these
39. 'Competition among the few' is also referred as:
- (a) Oligopoly
 - (b) Monopoly
 - (c) Monopolistic Competition
 - (d) None of these
40. The slope of budget line is:
- (a) P_x/P_y
 - (b) P_y/P_x
 - (c) $P_x \cdot P_y$
 - (d) None of these
41. Indifference Curve analysis is superior to utility analysis:
- (a) It dispenses with the assumption of measurability
 - (b) It segregates income effect and substitution effect
 - (c) It does not assume constancy of marginal utility of money
 - (d) All of the above
42. The shape of the Cost curve depends upon:
- (a) Cost function
 - (b) Factor of Production
 - (c) Outlay
 - (d) None of these
43. Allocation of resources is dealt in:
- (a) Macro Economic
 - (b) Micro Economics



- (c) Public Finance
(d) None of these
44. All Giffen goods are:
- (a) Inferior goods
(b) Non Inferior goods
(c) Normal Goods
(d) None of these
45. For Substitute products the demand is:
- (a) Downward sloping
(b) Horizontal
(c) Upward Sloping
(d) None of these
46. Delphi technique was developed by:
- (a) Robinson
(b) Olaf Helmer
(c) Amartya Sen
(d) None of these
47. Indifference Curve analysis of demand is based on:
- (a) Cardinal Utility approach
(b) Marginal Utility approach
(c) Ordinal Utility approach
(d) None of these
48. The Product under Pure Monopoly Is:
- (a) Homogenous
(b) Differentiated
(c) Unrelated
(d) None of these
49. Perfectly Competitive firm and industry are both in long run equilibrium when:
- (a) $P = MR = SMC = LMC$
(b) $P = MR =$ Lowest point on the LAC
(c) $P = MR = SAC = LAC$
(d) All of the above



50. When $\alpha = 3/5$ and $\beta = 2/5$ the return to scale for Cobb Douglas Production function are:
- (a) Increasing
 - (b) Decreasing
 - (c) Constant
 - (d) First decreasing and then increasing
51. A market refers to _____
- (a) Meeting place of buyer and seller
 - (b) Does not necessarily refer to meeting place between buyer and seller
 - (c) Extends over a city
 - (d) Extends over the entire nation.
52. An economic profit is earned by a perfectly competitive firm when:
- (a) $MR < MC$
 - (b) $P < ATC$
 - (c) $P > AVC$
 - (d) $P > ATC$
53. When the output increased by more than double if firm doubles its input is known as:
- (a) Constant return to scale
 - (b) Economies to scale
 - (c) Diseconomies of scale
 - (d) Violation of the law of diminishing return
54. In Oligopoly the firms may collude in order to:
- (a) Increase Competition
 - (b) Prisoner dilemma for buyers
 - (c) To raise the price of the good they offer
 - (d) None of these
55. In which of the market firm price discrimination cannot persist:
- (a) Monopoly
 - (b) Oligopoly
 - (c) Monopolistic Competition
 - (d) Perfect Competition



56. Short run production function is explained by:
- (a) Returns to scale
 - (b) Law of variable proportion
 - (c) Law of demand
 - (d) None of these
57. In monopoly and monopolistic Competition:
- (a) Average Revenue > Marginal Revenue
 - (b) Average Revenue < Marginal Revenue
 - (c) Average Revenue = Marginal Revenue
 - (d) None of these
58. Factor of Production which is active:
- (a) Labour
 - (b) Land
 - (c) Capital
 - (d) None of these
59. How to Produce is related to:
- (a) Product's Choice
 - (b) Choice of technique
 - (c) Either (a) or (b)
 - (d) None of these
60. Economy's historical performance was reflected by:
- (a) Lagging indicating
 - (b) Leading indicating
 - (c) Either (a) or (b)
 - (d) None of these



PAPER – 4 PART II: BUSINESS AND COMMERCIAL KNOWLEDGE

QUESTIONS

40

Max. Marks:

1. Which of the following is not a feature of Private company?
 - (a) There are no restrictions on transfer of shares
 - (b) Minimum number of directors are 2
 - (c) Private companies are exempted from deputing various committees of Board of Directors
 - (d) It can start business upon incorporation.
2. A strategic response where businesses are very passive in their behaviour is called as-
 - (a) Least resistance
 - (b) Proceed with caution
 - (c) Dynamic response
 - (d) Strategic action
3. Where is the India's only port-led multi-product SEZ?
 - (a) Kochi
 - (b) Mumbai
 - (c) Surat
 - (d) Mundra
4. Which of the following is one of the most significant macro policy indicators that impact business?
 - (a) Trade policy
 - (b) International trade
 - (c) Tax rates
 - (d) Rural policy
5. RBI's role does not include-
 - (a) Friend, Philosopher and Guide to Government
 - (b) Maintain legal stability
 - (c) Regulate inflation
 - (d) Guide all commercial banks
6. Dividing consumer into groups based on different consumer characteristics, to deliver specially designed advertisements that meet these characteristics as closely as possible, is known as-
 - (a) Mass marketing



- (b) Market targeting
 - (c) Market segmentation
 - (d) Marketing plan
7. Which of the following is not a stakeholder for a business?
- (a) Customer
 - (b) Promoter
 - (c) Competitor
 - (d) Government
8. Atmanirbhar Bharat is a competition for Global companies in India, this defines which characteristic of the business environment?
- (a) Far-reaching impact
 - (b) Complex
 - (c) Multi-faceted
 - (d) Dynamic
9. 'Hunger to win customers for life' is the mission of which of the following company?
- (a) Adani Ports and Special Economic Zones Limited
 - (b) Asian Paints
 - (c) Bharti Airtel Limited
 - (d) Cipla Limited
10. FDI is prohibited in which of the following sectors?
- (a) Retail
 - (b) E-Commerce
 - (c) Education
 - (d) Chit Fund
11. Who from the following helps a budding business to quickly launch a product and put it in the first lane of commercial success?
- (a) Business incubator
 - (b) Freight forward
 - (c) Business accelerator
 - (d) Merchandiser
12. Rates of interest that can be changed contractually by the lender are called-
- (a) Spot rates
 - (b) Administered rates



- (c) Swap rates
(d) Repo rates
13. Human activities distinguishable by presence of the livelihood motives are known as:
- (a) Economic activities
(b) Non-economic activities
(c) Emotional activities
(d) Sentimental activities
14. Insufficient capital for Research and Development is?
- (a) Strength
(b) Threat
(c) Weakness
(d) Opportunity
15. Financial analysts are also called among which of the following?
- (a) Management consultants
(b) Mutual fund analysts
(c) Financial guru
(d) Security analysts
16. Prohibition of crackers in Delhi by the state government is a type of?
- (a) Protective
(b) Regulatory
(c) Restrictive
(d) Facilitating
17. MRTP Act, 1969 stands repealed with the repealed with the enforcement of the following Act:
- (a) Foreign Exchange Regulation Act, 1973
(b) Foreign Exchange Management Act, 1999
(c) Competition Act, 2002
(d) IRDAI Act, 1999
18. Process of evaluating each market segment and selective the most attractive one to enter into is called?
- (a) Marketing
(b) Marketing mix



- (c) Mass marketing
(d) Market targeting
19. Nomadic humans bringing their hunt and getting rice in return can be called as?
- (a) Non-economic activity
(b) Sustainable practice of trade
(c) Social entrepreneurship
(d) Economic activity
20. The event of conducting commonwealth games in India is an example of the following element of macro environment:
- (a) Political-legal environment
(b) Socio-cultural environment
(c) Technological environment
(d) Global environment
21. Flipkart has its registered office at-
- (a) New Delhi
(b) Hyderabad
(c) Singapore
(d) Mauritius
22. Which of the following is an example of facilitating policy?
- (a) Companies act 2013
(b) Income tax policy
(c) Monetary policy
(d) Micro-small-medium enterprises
23. Monetary policy of the government is affected with support from?
- (a) RBI
(b) IRDAI
(c) SEBI
(d) NABARD
24. The price of security at the beginning of the trading days is called-
- (a) Basket trading
(b) Base price
(c) Bid



- (d) Book value
25. Which of the following is a discipline of medicine and also of BCK?
- (a) Economics
 - (b) Laws
 - (c) Sociology
 - (d) Psychology
26. An effective organizational strategy includes which of the following activities?
- (a) Capitalizes on the opportunities through the use of threats
 - (b) Neutralizes the threats by minimizing the impact of weaknesses
 - (c) Neutralizes the opportunities by minimizing the impact of weaknesses
 - (d) Capitalizes on the weaknesses through the use of threats
27. Which of the company in India to have equity stake in 1st Greenfield Airport at Cochi, India?
- (a) Adani Ports SEZ Ltd.
 - (b) Bharat Petroleum Corporation Ltd.
 - (c) Tata Sons Pvt. Ltd.
 - (d) Larsen & Toubro Ltd.
28. Type of privatization, where Government keeps hold of responsibility and private enterprise handles fully or partly the delivery of product and services through contract franchise, grant, etc., is known as:
- (a) Investment
 - (b) Disinvestment
 - (c) Displacement
 - (d) Delegation
29. Tariff Advisory Committee is a part of?
- (a) RBI
 - (b) IRDAI
 - (c) SEBI
 - (d) CCI
30. What is Hedge?
- (a) It is a statistical measurement of change in the economy.
 - (b) It is strategy that is used to minimize the risk of a particular investment and maximize the



- returnsof an investment.
- (c) It is trading platform.
- (d) It is a security which has a solid record of dividend payments.
31. A company created for a future project and has no significant accounting transaction is called-
- (a) Shell company
- (b) Commercial company
- (c) One Person company
- (d) Dormant company
32. "Once a company knows what is happening around it, it can plan and strategies accordingly", this is part of which of the following importance's of business environment?
- (a) Giving direction for growth
- (b) Determining opportunities and threat
- (c) Image building
- (d) Continuous learning
33. Which of the following is not a subsidiary of NTPC Limited?
- (a) Kanti Bijlee Utpadan Nigam Ltd
- (b) Bharatiya Rail Bijlee Company Limited
- (c) Patratu Vidyut Utpadan Nigam Limited
- (d) Powerlink Transmission Limited
34. Singapore government gave the business option to either take cheap loans or to take subsidies onexporting. What kind of public policy is this?
- (a) Protective
- (b) Facilitating
- (c) Regulatory
- (d) Restrictive
35. Which authority regulates and develops the Indian capital market and protects the interest of investorsin the capital market?
- (a) National stock exchange (NSE)
- (b) SEBI
- (c) RBI
- (d) Bombay stock exchange
36. A token money given to establish an acceptance of buying especially in real estate deals is called-
- (a) E-Cash



- (b) Earnest money deposit
 - (c) Fixed deposit
 - (d) Concurrent depository receipt
37. Which of the following is incorrect?
- (a) Events lead to trends
 - (b) Trends lead to events
 - (c) Issues raise expectations
 - (d) Expectations are opportunities
38. Which of the following elected by shareholders in organization?
- (a) Owners
 - (b) Board of Directors
 - (c) Employees
 - (d) Directors
39. Which of the following is not a source of infusion of foreign funds in India?
- (a) Listing of a company in NSE through IPO
 - (b) Non-Resident Indians
 - (c) Foreign Institutional Investors
 - (d) Overseas Citizens of India
40. Amount which are owned to a company that need not to be paid back is called-
- (a) Assets
 - (b) Bad debts
 - (c) Bears
 - (d) Current assets

Test Series: November, 2021

MOCK TEST PAPER 2

FOUNDATION COURSE

PAPER 4: BUSINESS ECONOMICS AND BUSINESS AND COMMERCIAL KNOWLEDGE

PART- I: BUSINESS ECONOMICS

Answer Key



1	D	16	A	31	B	46	B
2	C	17	A	32	D	47	C
3	D	18	C	33	A	48	A
4	D	19	B	34	D	49	D

5	A	20	B	35	B	50	C
6	B	21	B	36	C	51	B
7	D	22	D	37	A	52	D
8	B	23	C	38	B	53	B
9	A	24	B	39	A	54	C
10	C	25	A	40	A	55	D
11	C	26	A	41	D	56	B
12	A	27	C	42	A	57	A
13	C	28	D	43	B	58	A
14	A	29	C	44	A	59	B
15	C	30	A	45	C	60	A



PAPER – 4 PART II: BUSINESS AND COMMERCIAL KNOWLEDGE

ANSWERS

1	2	3	4	5	6	7	8	9	10
---	---	---	---	---	---	---	---	---	----

(a)	(a)	(d)	(c)	(b)	(c)	(c)	(c)	(c)	(d)
11	12	13	14	15	16	17	18	19	20
(c)	(b)	(a)	(c)	(d)	(c)	(c)	(d)	(d)	(d)
21	22	23	24	25	26	27	28	29	30
(c)	(d)	(a)	(b)	(d)	(b)	(b)	(d)	(b)	(b)
31	32	33	34	35	36	37	38	39	40
(d)	(a)	(d)	(b)	(b)	(b)	(b)	(b)	(a)	(b)



Test Series: October, 2021

MOCK TEST
PAPER 1
FOUNDATION
COUR
SE
PAPER 4: BUSINESS ECONOMICS AND
BUSINESS AND COMMERCIAL
KNOWLEDGE PART - I: BUSINESS ECONOMICS
QUESTIONS

Max. Marks: 60 Marks

1. In mixed economy the feature include existence of
 - (a) Private Sector
 - (b) Public Sector
 - (c) Combined Sector
 - (d) All of these
2. Which of the following is demerit of Capitalism:
 - (a) There is precedence of property rights over human right
 - (b) It functions in a domestic framework
 - (c) High degree of operative efficiency
 - (d) None of these
3. Which of the following is included in study of Micro economics:
 - (a) Product Pricing
 - (b) Factor Pricing
 - (c) Both (a) and (b)
 - (d) None of these
4. Scarcity definition is economics is given by
 - (a) Lipsey



- (b) Adam Smith
(c) J B Say
(d) Robinson
5. Snob effect is explained as _____
- (a) It is a function of consumption of others
(b) It is a function of price
(c) Both (a) and (b)
(d) None of these
6. Which of the following are the determinant of price elasticity of demand:
- (a) Availability of substitutes
(b) Time period
(c) Tied demand
(d) All of these
7. If the cross elasticity is only- slightly below zero which of the following is correct?
- (a) They are weak complements
(b) Negative and very high they are strong complements
(c) Both (a) and (b)
(d) None of these
8. Indifference Curve Analysis was proposed by _____
- (a) J. R Hicks and R.G.D Allen
(b) Alfred Marshall
(c) Jeremy Bentham
(d) None of these
9. The rate at which the consumer is prepared to exchange-good x and y is :
- (a) Marginal rate of substitution
(b) Elasticity of Substitution
(c) Diminishing Marginal Utility
(d) None of these



10. Contraction of demand is the result of
 - (a) Decrease in the number of Consumers
 - (b) Increase in the price of the good concerned
 - (c) Price of related products
 - (d) None of these
11. Business Economics in its approach is
 - (a) Pragmatic
 - (b) Idealistic
 - (c) Normative
 - (d) None of these
12. After identifying the markets the enterprise has to make decision regarding 4Ps which one of the following is not one of those 4Ps :
 - (a) Promotion
 - (b) Population
 - (c) Place
 - (d) Produce
13. The kinked demand curve of Oligopoly is useful in explaining
 - (a) The process by which oligopolistic merge
 - (b) How the collusion work
 - (c) Price and output are sensitive to change in marginal cost.
 - (d) Why oligopolistic price might charge only infrequently
14. Cost of living increase when business cycle is operating at its
 - (a) Lowest point
 - (b) Peak
 - (c) Contracting
 - (d) Expanding
15. Which is more prone to the adverse effects of the business cycle _____
 - (a) Services
 - (b) Industries



- (c) Agriculture
(d) None of these
16. To influence spending the monetary policy is directed at directly influencing in the short run :
- (a) Interest Rate
(b) Unemployment
(c) Inflation Rate
(d) Growth Rate
17. Long Run Period normal price for a competitive firm will be :
- (a) Equal MC of Production only
(b) Equal TC of Production only
(c) Equal AC and MC of Production
(d) None of these
18. Monopolistic Competition has features of
- (a) Monopoly and competition with features of monopoly predominating
(b) Monopoly and competition with feature of Competition predominating
(c) Monopoly but not competition
(d) None of these
19. Increasing return of scale is applied in
- (a) Long Run
(b) Short Run
(c) Both (a) and (b)
(d) None of these
20. If regardless of change in the price the quantity demanded of a good remains unchanged then the demand curve for the good will be –
- (a) Vertical
(b) Horizontal
(c) Negatively sloped
(d) None of these



21. The industrialization and economic development of the USA Great Britain and other Western European Countries here taken place under the condition of _____
- (a) Capitalism and Laissez Faire
 - (b) Mixed Economic Structure
 - (c) Socialism and Planned Structure
 - (d) None of these
22. In the beginning economics was named as
- (a) Political Economy
 - (b) Welfare Economics
 - (c) Economies of Wealth
 - (d) None of these
23. If the price of a commodity raised by 12% and E_d is (-) 0.63 the expenditure made on the commodity by the consumer will _____
- (a) Remain the same
 - (b) Decrease
 - (c) Increase
 - (d) Can't say
24. During lockdown due to Covid19 a consumer finds the vegetable vendors selling vegetables in the streets have raised the prices of vegetable than usual prices. She will buy vegetable than/as her usual demand showing the demand of vegetable is _____
- (a) Same; Elastic Demand
 - (b) Same; Inelastic Demand
 - (c) Less; Elastic Demand
 - (d) More; Inelastic Demand
25. Supply and Stock are _____
- (a) Different
 - (b) Same thing
 - (c) Having no comparison
 - (d) Both (a) and (c)



26. Marginal Cost can be directly derived from
- (a) Total Variable Cost
 - (b) Total Fixed Cost
 - (c) Average Cost
 - (d) Average Fixed Cost
27. A firm normal profit earned are included in _____
- (a) Explicit Cost
 - (b) Implicit Cost
 - (c) Variable Cost
 - (d) Fixed Cost
28. Curve which are intersected by marginal cost curve at their minimum points is
- (a) AVC and AFC
 - (b) AC and AVC
 - (c) AC and AFC
 - (d) AC and TVC
29. In case of Perfect Competition how much selling cost are incurred:
- (a) Negligible
 - (b) Zero
 - (c) Very high
 - (d) Very less
30. Marginal revenue is equal to price in which form of market:
- (a) Perfect competition
 - (b) Monopoly
 - (c) Oligopoly
 - (d) Monopolistic Competition
31. In Oligopoly the demand curve is :
- (a) Indeterminate
 - (b) Highly Elastic



- (c) Less Elastic
(d) Perfectly Elastic
32. Price elasticity of demand under monopoly is _____
- (a) Infinity
(b) Equal to one
(c) Less than one
(d) None of these
33. There is an inverse relation between price and demand for the products of a firm under:
- (a) Monopoly only
(b) Monopolistic Competition only
(c) Both Monopoly and Monopolistic Competition
(d) Perfect competition
34. The market price cannot be influenced by a seller under :
- (a) Monopolistic Competition
(b) Monopoly
(c) Perfect Competition
(d) All the above
35. Entry of new firm in monopoly is :
- (a) Possible only in the long run
(b) Possible only in the Short run
(c) Restricted at all times
(d) Both (a) and (b)
36. The law of demand is :
- (a) Irreversible in nature
(b) Reversible in nature
(c) Both (a) and (b)
(d) None of these
37. During recession what will be the market demand for new cars?



- (a) Demand Curve will shift to the right
(b) Demand curve will shift to the left
(c) Demand will not shift but the quantity of cars sold per month will decrease
(d) Demand will not shift but the quantity of cars sold per month will increase
38. Economic indicator required to predict the turning point of business cycle is :
- (a) Leading indicator
(b) Lagging indicator
(c) Coincident
(d) All of the above
39. Nuclear Power represents which type of market structure :
- (a) Government Monopoly
(b) Perfect Competition
(c) Monopolistic Competition
(d) Oligopoly
40. Monopoly Market and Monopsony market combination is called :
- (a) Duopoly Market
(b) Oligopoly Market
(c) Bilateral Monopoly Market
(d) Monopolistic Market
41. Price discrimination cannot persist under which of the market form:
- (a) Monopolistic
(b) Monopoly
(c) Perfect Competition
(d) Oligopoly
42. Time elements was conceived by :
- (a) Paul Sweezy
(b) Hicks
(c) Marshall



- (d) Simon Kuznets
43. A decrease in the demand for mobile phone other things remaining the same will _____
- (a) Increase purchase the number of mobile phone bought
 - (b) Decrease the price but increase the number of mobile phone
 - (c) Decrease in quantity of mobile phone demanded
 - (d) Decrease the price and decrease in the number of Mobile Phone bought
44. Will there be any change in price charged by the monopolistic if elasticity of demand - 2 :
- (a) Yes
 - (b) No
 - (c) Neutral
 - (d) None of these
45. Price discrimination is desirable as :
- (a) It promotes equity
 - (b) It makes production feasible
 - (c) Both (a) and (b)
 - (d) None of these
46. Reason for operating the law of diminishing returns is _____
- (a) Imperfect Substitution between factors
 - (b) Scarcity of factors
 - (c) Both (a) and (b)
 - (d) None of these
47. A Rational Producer operates in short run production in which stage?
- (a) First Stage
 - (b) Second Stage
 - (c) Third Stage
 - (d) None of these
48. Law of variable proportion is related to :



- (a) Long Run
 - (b) Short Run
 - (c) Both (a) and (b)
 - (d) None of these
49. Which of the following can be classified as Oligopoly Market :
- (a) Wheat Farming
 - (b) Clothing Industry
 - (c) Restaurant Industry
 - (d) Long distance Telephone Service
50. Marginal Revenue Curve lies _____ its demand curve in monopolistic competition due to _____
- (a) Below ; Product differentiation
 - (b) Above - ; Barriers to entry
 - (c) Above ; Product - differentiation
 - (d) None of these
51. A firm maximizes profit in the short run in Perfect Competition by deciding :
- (a) What Price to charge
 - (b) How much output to produce
 - (c) To enter a market or not
 - (d) None of these
52. Normative economics can be explained through :
- (a) Fairness to tax
 - (b) Incidence to tax
 - (c) Effect of tax on incentives to work
 - (d) None of these
53. Demand for a commodity with negative income elasticity indicate that as income falls the amount of the commodity purchased
- (a) falls
 - (b) rises



- (c) remain unchanged
(d) None of these
54. For Giffen good the angle Curve is :
- (a) Vertical
(b) Horizontal
(c) Negatively Sloped
(d) Positively Sloped
55. Isoquant in the relevant range are:
- (a) Convex to the Origin
(b) Negatively Sloped
(c) Cannot cross
(d) All of the Above
56. If the Long Run Average Cost Curve falls as output expands is due to :
- (a) The law of diminishing return
(b) Diseconomies of scale
(c) Economies of scale
(d) None of these
57. What will be the situation if factor prices and factor quantities move in the same direction
- (a) A decreasing Cost Industry
(b) Increasing Cost Industry
(c) Constants Cost Industry
(d) All of these
58. The Pure monopolist in the long run can make pure profit due to :
- (a) High Selling Price
(b) Advertising
(c) Low LAC Cost
(d) Blocked entry
59. In kinked demand curve model the Oligopolist :
- (a) Do not collude



- (b) Recognise their independence
 - (c) Tend to keep price constant
 - (d) All the above
60. Comforts lies between
- (a) Luxuries and Inferior goods
 - (b) Interior goods and necessities
 - (c) Necessaries and Luxuries
 - (d) None of these

PAPER – 4 PART II: BUSINESS AND COMMERCIAL KNOWLEDGE

QUESTIONS

Max. Marks:

40

1. Marketing, Finance, Operations, Human Behaviour, Law and Policy, Economics, all together derive BCK. What does it tell us about BCK's domains?
 - (a) BCK is Vast
 - (b) BCK is Expanding
 - (c) BCK is Eclectic
 - (d) BCK is Vague
2. Gain for one is a loss for someone else - this concept can be understood by which of the characteristics of Business Environment?
 - (a) It is Dynamic
 - (b) It has far reaching impact
 - (c) It is multi-faceted
 - (d) It is complex
3. Bank of Madras was acquired by which of these?
 - (a) ICICI Bank Ltd
 - (b) State Bank of India
 - (c) Life Insurance Corporation of India (LIC)
 - (d) HDFC Bank Ltd
4. Policy Context has a core motive behind it, which is?
 - (a) Economic Welfare
 - (b) GDP Growth



- (c) Holistic Development
(d) Social Welfare
5. Which of the following is not a function of RBI?
(a) Promotion of Banking
(b) Collection of Foreign Institutional Data
(c) Banker to Government
(d) Funding NABARD
6. Highest Price the buyer is willing to pay is called?
(a) Bid
(b) Ask
(c) Badla
(d) Beta
7. The structure in which there is a separation of ownership and management is called
(a) Sole proprietorship
(b) Partnership
(c) Company
(d) All business organisations
8. Which of the following is not an example of socio-cultural environment?
(a) Role of women in society
(b) Rising income
(c) Family structure
(d) Educational levels
9. Which of the following is founded by two Danish Engineers taking refuge in India?
(a) Cipla Ltd
(b) L&T Ltd
(c) Flipkart
(d) NTPC Ltd
10. Policy Formulation process is?
(a) Uni-Directional
(b) Bi-Directional
(c) Multi-Directional
(d) Single Point of Contact Oriented



11. Free and fair competition ensures all, except?
 - (a) Punishing the laggards
 - (b) Boosts fixed choice preferences of customers
 - (c) Increases Efficiency
 - (d) Encourages Innovation
12. Security whose price is derived from another underlying asset is called?
 - (a) Derivative
 - (b) Options
 - (c) Forwards
 - (d) Futures
13. Maximum number of members in a Private limited company are:
 - (a) 50
 - (b) 200
 - (c) 20
 - (d) 500
14. Environmental analysis helps in:
 - (a) Providing input for strategic decision making
 - (b) Turning threats to firm's advantage
 - (c) Anticipate opportunities and to take optimal responses
 - (d) All of the above
15. Which one of the following is not a foreign company?
 - (a) Dr. Reddy's Laboratories Ltd.
 - (b) Walmart
 - (c) Nestle
 - (d) HP
16. Privatization may not be of conceptualized in form of:
 - (a) Divestment
 - (b) Disinvestment
 - (c) Dedication
 - (d) Displacement
17. Which one of the following is not a SEBI function as one body?
 - (a) Quasi-legislative



- (b) Quasi-judicial
(c) Quasi-fiscal
(d) Quasi-executive
18. ADR stands for:
- (a) American Deficit Record
(b) American Depository Receipt
(c) Asset Depreciation Record
(d) Asset Depository Receipt
19. A HUF cannot comprise members of a:
- (a) Hindu & Sikh family
(b) Jain family
(c) Buddhist family
(d) Muslim family
20. The term PESTLE analysis is used to describe a framework for analyzing:
- (a) Macro Environment
(b) Micro Environment
(c) Both Macro and Micro Environment
(d) None of above
21. Indane LPG is the product of which corporation in India?
- (a) IOCL
(b) NTPC
(c) ONGC
(d) PGCIL
22. Simplification of trade restrictions related to import is an example of:
- (a) Globalization
(b) Privatization
(c) Disinvestment
(d) Aggregation
23. The RBI has been vested with extensive power to control and supervise commercial banking system under the-
- (a) Reserve Bank of India Act, 1934
(b) The Banking Regulation Act, 1949
(c) Both (a) and (b)
(d) The Companies Act, 2013



24. _____ is a strategy that is used to minimize the risk of a particular investment and maximize the returns of an investment.
- (a) Cap
 - (b) Encryption
 - (c) Hedge
 - (d) Term insurance
25. Which of the following is not an economic objective of the firm?
- (a) Sales growth
 - (b) Improvement in market share
 - (c) Profits and return on investment
 - (d) Conservation of natural resources
26. Mark incorrect: Partnership implies
- (a) Contractual ownership of business
 - (b) Liability of partner is limited to the extent of one's share capital
 - (c) The contract is an agreement enforceable at law is called deed
 - (d) Deed may be registered in India under the Partnership Act, 1932
27. Who is the present CEO and MD of Larsen & Toubro Ltd.?
- (a) Keshab Pandey
 - (b) K R Krishanmurthy
 - (c) S N Subrahmanyam
 - (d) None of these
28. 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.
29. Economic Reforms introduced in India in 1992 are called LPG that refers to
- (a) Liquidation of loss-making units
 - (b) Popularise Public private partnership
 - (c) Good governance
 - (d) None of the above
30. Setting low prices in order to discourage or deter potential new entrants to the suppliers market:
- (a) Pre-Emptive Pricing



- (b) Price Sensitivity
(c) Price Discrimination
(d) Price Elasticity
31. Mark the Correct:
- (a) Hindu Succession Act, 1956 is applicable in HUF.
(b) LLP firm may be constituted on basis of LLP Act 2009.
(c) A dormant company registered under Companies Act, 2013.
(d) All are correct.
32. PESTLE refers to:
- (a) Political, Economic, Social, Technological, Legal & Environmental factors affecting business.
(b) All these are external factors.
(c) All these constitute macro environment.
(d) All of the above.
33. Which limited company has businesses in Hotels, FMCG and Information Technology?
- (a) Wipro Ltd.
(b) HUL Ltd.
(c) Infosys Ltd.
(d) ITC Ltd.
34. 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.
35. 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
36. What is consolidation?
- (a) It is an expense that is supposed to reflect the loss in value of a fixed asset.
(b) Combination of two or more entities that occurs when the entities transfer all their net assets to anew entity created for that purpose.



- (c) Potential liability arising from a past transaction or a subsequent event.
 (d) Costs that can be attributed clearly to the activity you are considering.
37. Who is the present chairman of Wipro Limited?
- (a) Azim Premji
 (b) Rishad Premji
 (c) Thierry Delaporte
 (d) (a) and (b)
38. Business and technology are:
- (a) Interrelated
 (b) Interdependent
 (c) Interrelated & Interdependent
 (d) None of the above
39. Self Help Groups are catered specifically by?
- (a) All development banks
 (b) SIDBI
 (c) RBI
 (d) NABARD
40. Government decides to spend 400 crores in the next 5 years for the benefit of women entrepreneurs in India. This is an example of?
- (a) Fiscal Policy
 (b) Monetary Policy
 (c) FDI Policy
 (d) Industrial Policy

Test Series: October, 2021

MOCK TEST PAPER 1

FOUNDATION COURSE

PAPER 4: BUSINESS ECONOMICS AND BUSINESS AND COMMERCIAL KNOWLEDGE

PART- I: BUSINESS ECONOMICS

ANSWER

1	(d)	16	(a)	31	(a)	46	(c)
2	(a)	17	(c)	32	(c)	47	(b)



3	(c)	18	(b)	33	(c)	48	(b)
4	(d)	19	(a)	34	(c)	49	(d)
5	(a)	20	(a)	35	(c)	50	(a)
6	(d)	21	(a)	36	(a)	51	(b)
7	(a)	22	(a)	37	(b)	52	(a)

8	(a)	23	(c)	38	(d)	53	(b)
9	(a)	24	(b)	39	(a)	54	(c)
10	(b)	25	(a)	40	(c)	55	(d)
11	(a)	26	(b)	41	(c)	56	(c)
12	(b)	27	(b)	42	(c)	57	(b)
13	(d)	28	(b)	43	(c)	58	(d)
14	(d)	29	(b)	44	(a)	59	(d)
15	(b)	30	(a)	45	(c)	60	(c)

PART II: BUSINESS AND COMMERCIAL KNOWLEDGE

ANSWERS

1	2	3	4	5	6	7	8	9	10
(c)	(c)	(a)	(c)	(b)	(a)	(c)	(b)	(b)	(b)
11	12	13	14	15	16	17	18	19	20
(b)	(a)	(b)	(d)	(a)	(c)	(c)	(b)	(d)	(a)
21	22	23	24	25	26	27	28	29	30
(a)	(a)	(c)	(c)	(d)	(b)	(c)	(c)	(d)	(a)
31	32	33	34	35	36	37	38	39	40
(d)	(d)	(d)	(c)	(a)	(b)	(b)	(c)	(d)	(a)



Test Series: March, 2022

MOCK TEST PAPER 1
FOUNDATION COURSE

PAPER 4: BUSINESS ECONOMICS AND BUSINESS AND COMMERCIAL KNOWLEDGE

PART- I: BUSINESS ECONOMICS

QUESTIONS

1. Which of the following are the characteristics of Business Economics:
 - (a) It is a normative Science
 - (b) It is inter disciplinary
 - (c) Pragmatic in Nature
 - (d) All of the above
2. Which branch of economic theory deals with allocation of resources:
 - (a) Macro economic
 - (b) Micro economic
 - (c) Economic Growth
 - (d) None of these
3. Under which system Freedom of choice is an advantage:-
 - (a) Capitalism
 - (b) Mixed economy
 - (c) Socialism
 - (d) None of these
4. Taxation involves which aspects of normative economics:
 - (a) Incidence
 - (b) Fairness
 - (c) Incentive to work
 - (d) All of the above
5. Suppose we are drawing a supply curve of a farmer which of the following will be held constant. :
 - (a) Price of Inputs
 - (b) Weather Conditions
 - (c) Technology
 - (d) The price of the Commodity under consideration
6. A fall in the price of a commodity where everything else is held constant is referred to as:
 - (a) An increase in quantity demand
 - (b) A decrease in demand
 - (c) An increase in demand



- (d) None of these
7. For Giffen good the Engel curve is:
- (a) Positive sloped
 - (b) Vertical
 - (c) horizontal
 - (d) Negative sloped
8. A theory is :
- (a) An assumption
 - (b) A hypothesis
 - (c) A validated hypothesis
 - (d) None of these
9. The Coefficient of Price elasticity of demand between two points on a demand curve is _____
- (a) Arc elasticity
 - (b) Point elasticity
 - (c) Price elasticity
 - (d) None of these
10. When the demand curve is a rectangular hyperbola an increase in the price of the commodity causes the total expenditure of consumers of the commodity to:
- (a) Remain unchanged
 - (b) Increase
 - (c) Decrease
 - (d) Any of the above
11. A movement along a curve rather than a shift in the curve can be measured by:-
- (a) Cross elasticity of demand
 - (b) Income elasticity of demand
 - (c) Price elasticity of demand & Price elasticity of Supply
 - (d) None of these
12. The most important function of an entrepreneur is to _____
- (a) Bear the sense of responsibility
 - (b) Finance
 - (c) Innovate
 - (d) None of these
13. How do the TVC curve behaves when the law of diminishing return begins to operate-
- (a) Rise at a decreasing rate
 - (b) Fall at an increasing rate
 - (c) Fall at a decreasing rate
 - (d) Rise at an increasing rate



14. In the Short run level of output the firm at the optimum will be:
 - (a) Minimizing total losses
 - (b) Maximizing total profit
 - (c) Either maximizing total profit or minimizing total losses
 - (d) None of these
15. If both factor prices and quantity moves in the same direction then it is called _____
 - (a) Decreasing Cost Industry
 - (b) Increasing Cost Industry
 - (c) Constant Cost Industry
 - (d) None of these
16. If the monopolist incur losses in the short run then in the long run:
 - (a) It will stay in the business
 - (b) Go out of business
 - (c) Will break even
 - (d) Any of the above is possible
17. A cartel which is market sharing will reach the monopoly situation :
 - (a) Always when the product is homogenous
 - (b) Always when the product is differentiated
 - (c) Sometime
 - (d) None of these
18. The Substitution effect will be stronger when-
 - (a) The goods are closer substitutes
 - (b) There is lower cost of switching to the substitute good
 - (c) There is lower inconvenience while switching to the substitute good.
 - (d) All of these
19. Increasing return to scale applies to:
 - (a) Long run
 - (b) Short run
 - (c) Either (a) or (b)
 - (d) None of these
20. Isoquant are also called:
 - (a) Equal product curves
 - (b) Production Indifference curves
 - (c) ISO product curves
 - (d) All of the above
21. Who describes production function as the relationship between the maximum amount of output can be



- produced and the input required to make that output :
- (a) Samuelson
 - (b) Malthus
 - (c) Hicks
 - (d) None of these
22. The concept of marginal cost is closely related with-
- (a) Variable Cost
 - (b) Fixed Cost
 - (c) Opportunity Cost
 - (d) Economic Cost
23. When the average product of labour is maximized the marginal product of labour:
- (a) Equal zero
 - (b) is maximized
 - (c) Equal AP_L
 - (d) None of these
24. 'Time' element in market was conceived by :
- (a) Alfred Marshall
 - (b) Pigou
 - (c) Allen
 - (d) None of these
25. Cross elasticity of demand for the monopolist's product or any other product is _____
- (a) Zero
 - (b) Very small
 - (c) High
 - (d) Either (a) or (b)
26. In a monopolistically competitive market:
- (a) Firm face a perfectly elastic demand for its product
 - (b) Does not face a perfectly elastic demand for its product
 - (c) Cannot be determined
 - (d) None of these
27. Price discrimination to be profitable elasticity of demand in different sub market will be _____
- (a) Different
 - (b) Uniform
 - (c) Zero
 - (d) None of these
28. Supply Schedule in a purely competitive firm in the short run is determined by :



- (a) Marginal revenue
(b) Average revenue
(c) Marginal cost curve
(d) None of these
29. The Turning point of business cycle is predicted by :
- (a) Lagging Indicator
(b) Leading Indicator
(c) Coincident
(d) All of the above
30. Fluctuation in Economic activities are due to :
- (a) Change in money supply
(b) Profitability
(c) Fluctuation in aggregate demand
(d) None of these
31. Between two perfect substitute the elasticity of Substitution is _____
- (a) < Zero
(b) >Zero
(c) < Infinity
(d) Infinity
32. Variable that change after real output change are:
- (a) Leading Indicator
(b) Lagging Indicator
(c) Concurrent Indicator
(d) None of these
33. Modern business activities are based on the anticipations of business community and are affected by waves of optimism or pessimism is opined by____
- (a) Pigou
(b) Keynes
(c) Hawtrey
(d) None of these
34. Businesses whose fortunes are closely linked to the rate of economic growth is referred to as :
- (a) Cyclical
(b) Counter Cyclical
(c) Fiscal Policy
(d) None of these
35. The Concept of Price rigidity in market is explained in which form of market:
- (a) Monopolistic Market



- (b) Perfect Competition
(c) Oligopoly
(d) Monopoly
36. Globalization indicate rapid _____ between Countries :
- (a) Competition
(b) Investment
(c) Integration
(d) None of these
37. "Supply creates its own demand" statement is given by _____
- (a) Marshall
(b) J B Say
(c) Ricardo
(d) Kuznets
38. According to Hicks and Allen the demand curve slope downwards due to _____
- (a) Law of diminishing marginal utility
(b) Income effect and substitution effect
(c) Either (a) or (b)
(d) None of these
39. A rise in price of a good:
- (a) Reduce Consumer Surplus
(b) Increase in Consumer Surplus
(c) It will not change
(d) None of these
40. When two goods are perfect substitute for each other:
- (a) Indifference curve for these two goods are straight parallel line with a constant slope along the curve
(b) Indifference curve has a constant MRS
(c) Concave to the Origin
(d) Both (a) and (b)
41. Behavior of Supply depends upon:
- (a) Phenomenon Considered
(b) Degree of possible adjustment in supply
(c) Time Period under Consideration
(d) All the above
42. What are the main assumption of Production Function:
- (a) Relationship between inputs and output exists for a specific period of time



- (b) There is a given state of the art in production Technology.
- (c) Input consideration Included in a particular function output resulting from their utilization is at the maximum level.
- (d) All the above
43. A rational producer will always produce in which stage of law of variable proportion:
- (a) Stage I
- (b) Stage II
- (c) Stage III
- (d) None of these
44. The rising part of the long run average cost curve is due to:
- (a) Increasing return
- (b) Diseconomies of scale
- (c) Increase in productivity due to Specialization
- (d) None of these
45. The vertical difference between TVC and TC is _____
- (a) Total Fixed Cost
- (b) Marginal Cost
- (c) Average Variable Cost
- (d) None of these
46. The price elasticity for demand for monopolist's product is :
- (a) <1
- (b) >1
- (c) $=0$
- (d) None of these
47. What are the determinant of Price elasticity of demand:
- (a) Time Period
- (b) Tied Demand
- (c) Price range
- (d) All the above
48. Contraction of demand is the result of _____
- (a) Increase in the price of other goods
- (b) Increase in the price of the good.
- (c) Decrease in the income of purchases
- (d) None of these
49. Full Capacity is utilized in the which market condition _____
- (a) Perfect Competition



- (b) Monopoly
(c) Oligopoly
(d) None of these
50. If increasing railway fare increases revenue and decreasing then decrease revenue then the demand for railway travel has a price elasticity of _____
- (a) Greater than 1
(b) 1
(c) Greater than 0 but less than 1
(d) None of these
51. Which of the following statements is correct?
- (a) In a two-good economy, the production possibilities frontier reflects the maximum amount of one good that can be produced when a given amount of the other good is produced.
(b) Microeconomics is the study of the behavior of the economy as a whole.
(c) Positive economics focuses on welfare of the people of a society
(d) None of the above
52. Which of the following is not part of the opportunity cost of going on holiday?
- (a) The money you spent on a theatre show
(b) The money you could have made if you had stayed at home and worked
(c) The money you spent on airline tickets
(d) The money you spent on food
53. Net domestic expenditure is consumption expenditure plus _____
- (a) Net foreign investment
(b) Net foreign investment plus net domestic investment
(c) Net domestic investment
(d) Replacement expenditure
54. 'No matter what the price of coffee is, Ram always spend a total of exactly 100 per week on coffee.' The statement implies that;
- (a) Ram is very fond coffee and therefore he has an inelastic demand for coffee
(b) Ram has elastic demand for coffee
(c) Ram's demand for coffee is relatively less elastic
(d) Ram's demand for coffee is unit elastic
55. After reaching the saturation point, consumption of additional units of the commodity cause:
- (a) Total utility to fall and marginal utility to increase
(b) Total utility and marginal utility both to increase
(c) Total utility to full and marginal utility to become negative
(d) Total utility to become negative and marginal utility to fall



56. The law of variable proportions come into being when _____
- (a) There are only two variable factors
 - (b) There is a fixed factor and a variable factor
 - (c) All factors are variable
 - (d) Variable factors yield less.
57. Demand for electricity is elastic because _____
- (a) It is very expensive
 - (b) It has a number of close substitutes
 - (c) It has alternative uses
 - (d) None of the above
58. Elasticity of supply to the degree of responsiveness of supply of a good to changes in its;
- (a) Demand
 - (b) Price
 - (c) Cost of production
 - (d) State of technology
59. Which of the following statements is false in respect of fixed cost of a firm?
- (a) As the fixed inputs for a firm cannot to changed in the short run, the TFC are constant, except when the prices of the fixed inputs change.
 - (b) TFC continue to exist even when production is stopped in the short run, but they exist in the long run even when production is not stopped.
 - (c) Total Fixed Costs (TFC) can be defined as the total sum of the cost of all the fixed inputs associated with production in the short run.
 - (d) In the short run, a firm's fixed cost cannot be escaped even when production is stopped.
60. For a price taking firm:
- (a) Marginal revenue is less than price
 - (b) Marginal revenue is equal to price
 - (c) Marginal revenue is great than price.
 - (d) The relationship between marginal revenue and price is indeterminate.

PAPER – 4 PART II: BUSINESS AND COMMERCIAL KNOWLEDGE

QUESTIONS

Max. Marks: 40

61. Which among the following is an attribute of economic activity?
- (a) They are driven by Altruism



- (b) They are driven by Rationality
(c) They are driven by Sentimental Value Creation
(d) They are driven by Emotional Reasons
62. X-Mart stocks goods from various sellers in its huge store and charges money to advertise/sell specific products. What can X-Mart be termed as?
(a) Market Share
(b) Aids to Trade
(c) Suppliers
(d) Intermediary
63. Which limited company has businesses in Hotels, FMCG and Information Technology?
(a) Wipro Ltd.
(b) ITC Ltd.
(c) Bajaj Ltd.
(d) Infosys Ltd.
64. For a business, Inflation as an indicator of policy shall be most detrimental if?
(a) It is Extremely Low
(b) It is Extremely high
(c) It is Moderate
(d) It is Rising
65. MRTP Act, 1969 was replaced by?
(a) Companies Act, 2013
(b) SEBI Act, 1992
(c) Competition Act, 2002
(d) IRDA Act, 1999
66. Responsiveness in demand with changes its price is called?
(a) Price Skimming
(b) Price Sensitivity
(c) Price Elasticity of Demand
(d) Price Discrimination
67. Perpetual succession benefit is enjoyed by?
(a) HUF
(b) Company
(c) LLP
(d) Both Company and LLP
68. Environment scanning only helps to get a sense of market landscape. Basis this statement select the correct option.



- (a) False, as it helps in overall strategic decisions
(b) True, as it only identifies opportunities and threats
(c) False, as it is only for internal analysis of an organisation
(d) True, as it identifies competitors
69. Identify the Swiss transnational food and drink company?
(a) Larsen & Toubro
(b) Walmart
(c) Nestle
(d) Unilever
70. RBI, SEBI, IRDAI are part of which type of government policy?
(a) Restrictive Policy
(b) Regulatory Policy
(c) Protective Policy
(d) Facilitative Policy
71. NABARD's refinancing is available to all the below except which of the following?
(a) State cooperative banks
(b) Regional rural banks
(c) Commercial banks
(d) Private sector banks
72. The Profit and Loss account of Ganpati Agarbattis showed that the revenue was exactly equal to the expenditures during the year. This position is termed as?
(a) Equilibrium
(b) Breakeven Point
(c) Double Entry Accounting Balance
(d) Elastic Losses
73. Maximum number of members in a Private limited company are:
(a) 50
(b) 200
(c) 20
(d) 500
74. Environmental analysis helps in:
(a) Providing input for strategic decision making
(b) Turning threats to firm's advantage
(c) Anticipate opportunities and to take optimal responses
(d) All of the above
75. Which one of the following is not a foreign company?



- (a) Dr. Reddy's Laboratories Ltd.
(b) Walmart
(c) Nestle
(d) HP
76. Privatization may not be conceptualized in form of:
(a) Divestment
(b) Disinvestment
(c) Dedication
(d) Displacement
77. Which one of the following is not a SEBI function as one body?
(a) Quasi-legislative
(b) Quasi-judicial
(c) Quasi-fiscal
(d) Quasi-executive
78. ADR stands for:
(a) American Deficit Record
(b) American Depository Receipt
(c) Asset Depreciation Record
(d) Asset Depository Receipt
79. Which of the following is not true about a Limited Liability Partnership (LLP)?
(a) Separate Legal Entity
(b) Incorporation not mandatory like normal partnership
(c) Designated Partners
(d) Hybrid Form of Business Organisation
80. Which of the following is not part of internal environment of a business organisation?
(a) Labor Unions
(b) Corporate Culture
(c) Customers
(d) Organisational Structure
81. Ministry of Petroleum and Natural Gas owns which of the following?
(a) Indian Oil Corporation Ltd.
(b) GAIL Ltd.
(c) Bharat Petroleum
(d) Reliance Industries Ltd.
82. Foreign brands were welcomed in India and were also allowed to use their foreign brand name. Which of the following does use of foreign brand name relate to?



- (a) Globalisation
(b) Privatisation
(c) Liberalisation
(d) Autonomy of Economy
83. Under which section of IRDAI Act can IRDAI function and impart its duties?
(a) Section 11 of IRDAI Act, 1999
(b) Section 21 of IRDAI Act, 1999
(c) Section 19 of IRDAI Act, 1999
(d) Section 14 of IRDAI Act, 1999
84. A company is said to undergo _____ when its assets are sold off piecemeal rather than one single operating entity?
(a) Acquisition
(b) Merger
(c) Liquidation
(d) Sale off
85. Marketing, Finance, Operations, Human Behaviour, Law and Policy, Economics, all together derive BCK. What does it tell us about BCK's domains?
(a) BCK is Vast
(b) BCK is Expanding
(c) BCK is Eclectic
(d) BCK is Vague
86. Gain for one is a loss for someone else - this concept can be understood by which of the characteristics of Business Environment?
(a) It is Dynamic
(b) It has far reaching impact
(c) It is multi-faceted
(d) It is complex
87. Bank of Madura was acquired by which of these?
(a) ICICI Bank Ltd
(b) State Bank of India
(c) Life Insurance Corporation of India (LIC)
(d) HDFC Bank Ltd
88. Policy Context has a core motive behind it, which is?
(a) Economic Welfare
(b) GDP Growth
(c) Holistic Development
(d) Social Welfare



89. Which of the following is not a function of RBI?
- (a) Promotion of Banking
 - (b) Collection of Foreign Institutional Data
 - (c) Banker to Government
 - (d) Funding NABARD
90. Highest Price the buyer is willing to pay is called?
- (a) Bid
 - (b) Ask
 - (c) Badla
 - (d) Beta
91. Stakeholders includes all of the below except which?
- (a) Policy makers
 - (b) Investors
 - (c) Competitors
 - (d) Promoters
92. The corporate pressure to increase and improve diversity in the country's workforce is an area of study for the consumer businesses affecting which element of the environment?
- (a) Demographic Environment
 - (b) Political-Legal Environment
 - (c) Socio-cultural Environment
 - (d) Cultural Environment
93. Specified areas where government supports business to enhance development and increase employment are called?
- (a) SEZ - Specified Economic Zone
 - (b) DTA - Domestic Tariff Area
 - (c) SEZ - Special Economic Zone
 - (d) FTWZ - Free Trade and Warehousing Zone
94. Goods and Service Tax (GST), is a form of?
- (a) International Trade Policy
 - (b) Inclusive Policy
 - (c) Policy Reform
 - (d) Public Welfare Scheme
95. Which of the following does SEBI not cater to?
- (a) Government Organizations
 - (b) Investors
 - (c) Intermediaries



- (d) Security Issuing Companies
96. Token money paid in the early stages of Negotiation is called?
- (a) Early Money Deposit
(b) Earning Money Deposit
(c) Token E-Cash
(d) Earnest Money Deposit
97. Which of the following is not a part of BCK lexicon?
- (a) Y2Z
(b) B2B
(c) B2C
(d) 24*7
98. Bears are the stock market players that have----- expectations.
- (a) Realistic
(b) Positive
(c) Optimistic
(d) Pessimistic
99. Which of the following is not a form of privatization?
- (a) Delegation
(b) Divestment
(c) Departmentalization
(d) Disinvestment
100. In the first four decades post independence, for fuelling of Industrial development, special purpose financial institutions were created. These institutions were called
- (a) Commercial Banks
(b) Development Banks
(c) Regional Rural Banks
(d) Small Finance Banks

Test Series: March, 2022

MOCK TEST PAPER 1

FOUNDATION COURSE

PAPER 4: BUSINESS ECONOMICS AND BUSINESS AND COMMERCIAL KNOWLEDGE

PART - I: BUSINESS ECONOMICS

ANSWERS

Answer Key



1	d	11	c	21	a	31	d	41	d	51	a
2	b	12	c	22	d	32	b	42	d	52	d
3	a	13	d	23	c	33	a	43	b	53	c
4	b	14	c	24	a	34	a	44	c	54	d

5	d	15	c	25	d	35	c	45	a	55	c
6	a	16	d	26	b	36	c	46	a	56	b
7	d	17	c	27	a	37	b	47	d	57	c
8	c	18	d	28	c	38	b	48	b	58	b
9	a	19	a	29	d	39	a	49	a	59	b
10	a	20	d	30	c	40	d	50	c	60	b

**PAPER – 4 PART II: BUSINESS AND COMMERCIAL KNOWLEDGE
ANSWERS**

61	62	63	64	65	66	67	68	69	70
(b)	(d)	(b)	(a)	(c)	(c)	(d)	(a)	(c)	(b)
71	72	73	74	75	76	77	78	79	80
(d)	(b)	(b)	(d)	(a)	(c)	(c)	(b)	(b)	(c)
81	82	83	84	85	86	87	88	89	90
(b)	(c)	(d)	(c)	(c)	(c)	(a)	(c)	(b)	(a)
91	92	93	94	95	96	97	98	99	100
(c)	(a)	(c)	(c)	(a)	(d)	(a)	(d)	(c)	(b)

Test Series: June, 2022

MOCK TEST PAPER 2



FOUNDATION COURSE

PAPER 4: BUSINESS ECONOMICS AND BUSINESS AND COMMERCIAL KNOWLEDGE

PART- I: BUSINESS ECONOMICS

QUESTIONS

- Most of the economic problems are of _____ nature and are affected by _____.
 - Complex, Several forces
 - Simple, Several forces
 - Simple, single factor
 - Complex, Single factor
- The survival and success of any business depends on sound _____.
 - Mind
 - Environment
 - Decisions
 - None of these
- Management of the firm _____ control over macro-economic factors.
 - has
 - has no
 - has partial
 - None of these
- In a planned or command economy all the economic decisions are taken by the _____.
 - Workers
 - Consumers
 - Voters
 - Government
- The regulatory mechanism of the market system is-
 - Self interest
 - Private property
 - Competition
 - Specialization
- Which of the following statements is/are correct about mixed economic system?
 - Mixed economic system depends on both markets and governments for allocation of resources
 - Mixed economy is not always a golden path between capitalism and socialism.
 - It is very difficult to maintain a proper balance between private and public sectors.
 - All of the above



7. After reaching the saturation point, consumption of additional units of the commodity cause -.
 - (a) Total utility to fall and marginal utility to increase.
 - (b) Total and marginal utility both to increase.
 - (c) Total utility to fall and marginal utility to become negative.
 - (d) Marginal utility to fall and total utility to become negative.
8. The substitution effect works to encourage a consumer to purchase more of a product when the price of that product is falling because -
 - (a) The consumer's real income has increased.
 - (b) The consumer's real income has decreased.
 - (c) The product is now relatively less expensive than before.
 - (d) Other products are now less expensive than before.
9. Which of the following statements is correct?
 - (a) When the slope of the demand curve is zero, demand is infinitely elastic and when the slope is infinite, elasticity is zero.
 - (b) When the slope of the demand curve is zero, the elasticity is also zero and when the slope is infinite, elasticity is also infinite.
 - (c) When the slope of the demand curve is zero, the elasticity is unity and also when the slope is infinite, elasticity is unity.
 - (d) None of these
10. Diminishing marginal utility implies that the
 - (a) marginal utility of a good diminishes over time.
 - (b) total utility is negative.
 - (c) last unit of a good consumed will contribute most to the consumer's satisfaction.
 - (d) first unit of a good consumed will contribute most to the consumer's satisfaction.
11. The law of diminishing marginal utility states that
 - (a) total utility is maximized when a consumer obtain the same amount of utility per unit of each product consumed
 - (b) beyond some point additional units of a product will yield less and less extra satisfaction to a consumer.
 - (c) price must be lowered to induce firms to supply more of a product.
 - (d) it will take larger and larger amounts of resources beyond some point to produce successive units of a product.
12. Marshallian theory of consumer's behavior is based on
 - (a) Hypothesis of additive utilities.
 - (b) Hypothesis of independent utilities.



- (c) Both (A) and (B)
(d) Weak ordering
13. Demand and _____ are the forces that make market economies work.
(a) Elasticity of demand
(b) Quantity demanded
(c) Supply
(d) Quantity supplied
14. Computers and computer software are _____
(a) Substitute goods
(b) Complementary goods
(c) Independent goods
(d) Normal goods
15. Let slope of supply curve is 0.6, calculate elasticity of demand when initial price is \$ 30 per unit and initial quantity is 100 units of the commodity.
(a) 0.5
(b) 5.55
(c) (-) 0.5
(d) (-) 0.18
16. Demonstration effect, a term coined by _____
(a) Adam Smith
(b) James Duesenberry
(c) Alfred Marshall
(d) None of these
17. Consider the following statements and select the correct answer from the given options.
Assertion (A): Demand curve is vertical when elasticity of demand is zero.
Reason (R): Marginal utility of a product is increasing
(a) Both (A) and (R) are true and (R) is the correct explanation of (A)
(b) Both (A) and (R) are true and (R) is not the correct explanation of (A)
(c) (A) is true but (R) is false
(d) (A) is false but (R) is true
18. A rise in price of a good _____ consumer surplus.
(a) Reduces
(b) Increases
(c) Either (A) and (B)
(d) Doesn't effect
19. A consumer is in equilibrium when s/he is deriving _____ satisfaction from the goods.



- (a) maximum
(b) possible
(c) maximum possible
(d) None of these
20. Which one of the following statements is true regarding Indifference Curve?
- (a) Two ICs can never be parallel to each other
(b) Two ICs are always parallel to each other
(c) Two ICs may not intersect each other
(d) Two ICs may be parallel to each other
21. Law of Equi-marginal Utility can be expressed as-
- (a) $MU_x/P_x = Q_x$
(b) $P_x Q_x = MU_M$
(c) $MU_x/P_x = MU_y/P_y = MU_M$
(d) $MU_x = MU_M$
22. Consider the following statements and select the correct answer from the given options.
Assertion (A): Consumer surplus is the difference between the potential price and actual price.
Reason (R): There exists an inverse relationship between the price and consumer surplus.
- (a) Both (A) and (R) are true and (R) is the correct explanation of (A)
(b) Both (A) and (R) are true and (R) is not the correct explanation of (A)
(c) (A) is true but (R) is false
(d) (A) is false but (R) is true
23. For substitutes, cross elasticity of demand is-
- (a) Positive
(b) Negative
(c) Zero
(d) Always less than one
24. The oldest approach to the theory of demand is _____.
- (a) the total utility approach
(b) the cardinal utility approach
(c) the ordinal utility approach
(d) None of these
25. "Returns to a factor" refers to the effect on total output of changes in
- (a) One factor only
(b) Various inputs separately
(c) All the inputs simultaneously



- (d) None of the above
26. A factor of production is said to be superior if its expenditure elasticity
- is negative
 - lies in unit interval
 - exceeds unity
 - is zero
27. Which of the following is correct regarding long run cost?
- It is least cost of producing each level of output
 - LAC curve is envelope of SAC curves.
 - LAC is U-shaped
- 1 & 2 only
 - 2 & 3 only
 - 1 & 3 only
 - 1, 2 & 3
28. The law of diminishing returns only applies in cases where
- There is increasing scarcity of factors of production
 - The price of extra unit of a factor is increasing
 - There is atleast one fixed factor of production
 - Capital is a variable input
29. Economies and diseconomies of scale explain why the
- short run average fixed cost curve declines so long as output increases.
 - marginal cost curve must intersect the minimum point the firm's average variable cost curve.
 - long run average cost curve is typically U-shaped.
 - short run average total cost curve is U-shaped.
30. Production function: $Q = 4L^{1/2}k^{2/3}$ exhibits-
- increasing returns to scale
 - decreasing returns to scale
 - constant returns to scale
 - increasing returns to a factor
31. Which of the following is correct regarding the slope of iso-cost line?
- Slope of iso-cost line can change due to
- Change in factor(s) price(s)
 - Change in total outlay or total cost.
- 1 only
 - 2 only



- (c) 1 & 2 both
(d) None of these
32. Which one of the following is not an internal economies of scale?
(a) Technical economies
(b) Financial economies
(c) Economies due to localization of industries
(d) Marketing economies
33. Isoquant word is made up of two words i.e., Iso & Quant. Where Iso means equal then Quant means-
(a) Quantity sold
(b) Output
(c) Quantity demanded
(d) Quantity supplied
34. Which one of the following cost curve is not in U-shape?
(a) AC
(b) MC
(c) AFC
(d) AVC
35. Given $TC = 2000 + 15Q - 6Q^2 + Q^3$, How much is TFC at $Q = 2000$?
(a) 2000
(b) 975
(c) 30,000
(d) Can't be determined
36. Marginal Revenue of a monopoly firm is less than the price because
(a) Demand curve has a positive slope.
(b) Demand curve has a negative slope.
(c) Monopolist incurs losses.
(d) Monopolist is in equilibrium.
37. Consider the following statements and select the correct answer from the given options.
Assertion (A): Although a monopolist can charge any price he likes, but does not charge a higher price than his equilibrium price.
Reason (R): Higher price means fall in total revenue.
(a) Both (A) and (R) are true and (R) is the correct explanation of (A)
(b) Both (A) and (R) are true and (R) is not the correct explanation of (A)
(c) (A) is true but (R) is false



- (d) (A) is false but (R) is true
38. The share of the tax borne by seller will be larger
- (a) If the demand for the product is less elastic.
 - (b) If the demand for the product is inelastic.
 - (c) If the demand for the product has greater elasticity.
 - (d) If the elasticity of supply of the product is larger.
39. Oligopolistic industries
- (a) are characterized by a relatively large number of small firms.
 - (b) may produce either standardized or differentiated products.
 - (c) always produce differentiated products.
 - (d) always produce stan products.
40. When total revenue is increasing
- (a) Marginal revenue may be either positive or negative.
 - (b) The demand curve is relatively inelastic.
 - (c) Marginal revenue is positive.
 - (d) Marginal revenue is negative.
41. Total revenue along with Total cost helps to determine
- (a) Profit maximizing output
 - (b) Profit/unit
 - (c) Price/unit
 - (d) Total revenue
42. In economics, we are concerned with
- (a) Value in use only
 - (b) Exchange value only
 - (c) Both value in use and exchange value
 - (d) None of the above
43. Exchange value is determined in
- (a) the monopoly market
 - (b) the oligopoly market
 - (c) in the market where exchange of goods and services takes place
 - (d) None of these
44. In economics, generally the classification of the markets is made on the basis of
- (a) Time
 - (b) Geographic area



- (c) Volume of business
(d) All of these
45. If a firm's total revenue is not enough to make good even the _____, it is better for firm to shut down.
- (a) Total fixed cost
(b) Marginal cost
(c) Average fixed cost
(d) Total variable cost
46. Price of goods express their
- (a) Value in use
(b) Exchange value
(c) Economic value
(d) Both (B) and (C)
47. When demand increases and supply decreases,
- (a) the equilibrium price and quantity both rise
(b) the equilibrium price and quantity both fall
(c) the equilibrium price rises but nothing certain can be said about the change in equilibrium quantity.
(d) the equilibrium quantity rises but nothing certain can be said about the change in equilibrium price.
48. Marginal revenue is equal to the price under
- (a) Monopoly market structure
(b) Oligopoly form of market
(c) Monopolistically competitive market
(d) Perfect competition
49. The short run supply curve of a perfectly competitive firm is equal to
- (a) That portion of the short run marginal cost curve that is above the average variable cost curve
(b) That portion of the short run marginal cost curve that is above the average total cost curve
(c) That portion of the short run average total cost curve that is above the average variable cost curve
(d) None of the above is correct.
50. The market demand curve for a perfectly competitive industry is: $Q_d = 12 - 2P$ and the market supply curve is: $Q_s = 3 + P$. The market will be in equilibrium if
- (a) $P = 6$ and $Q = 9$
(b) $P = 5$ and $Q = 2$
(c) $P = 4$ and $Q = 4$
(d) $P = 3$ and $Q = 6$



51. If the market demand curve for a commodity has a negative slope then the market structure must be:
- (a) Perfect competition
 - (b) Monopoly
 - (c) Imperfect competition
 - (d) The market structure cannot be determined as the information is insufficient
52. Which of the following is a differentiated product?
- (a) A hamburger
 - (b) A shirt
 - (c) An automobile
 - (d) All of the above
53. Which one of the following is not an internal cause of business cycles?
- (a) Money supply
 - (b) Technology shocks
 - (c) Psychological factors
 - (d) Fluctuations in investment
54. Peak is the _____ stage of expansion.
- (a) Later
 - (b) Earlier
 - (c) Either (A) or (B)
 - (d) None of the above
55. Different business cycles _____ in duration and intensity.
- (a) differ
 - (b) similar
 - (c) consistent
 - (d) Can't say
56. Repercussions of business cycles get _____ felt on nearly all economic variables.
- (a) alternatively
 - (b) simultaneously
 - (c) one by one
 - (d) All of the above
57. Nicholas Kaldor propounded _____
- (a) Nocholas theory
 - (b) Kaldor Theory
 - (c) Cobweb theory
 - (d) Cobb-douglas theory



58. During business cycles the opposite of a peak is _____ .
- (a) an inflation
 - (b) a hyperinflation
 - (c) a trend
 - (d) a trough
59. Decrease in input demand _____.
- (a) Doesn't affect inputs prices
 - (b) Pushes inputs prices up
 - (c) Pulls inputs prices down
 - (d) Either (B) or (C)
60. Which of the following statements is correct regarding business cycles?
- (a) Business cycles are contagious and international in character.
 - (b) Business cycles begin in one country and spread to other countries through trade relations.
 - (c) Business cycles have serious consequences on well being of the societies.
 - (d) All of the above

PAPER – 4 PART II: BUSINESS AND COMMERCIAL KNOWLEDGE

QUESTIONS

Max. Marks: 40

61. Usually, economics activities are driven by which of the following motives?
- (a) Altruism
 - (b) Emotions
 - (c) Rationality
 - (d) Profitability
62. Understanding buying patterns are a part of study of which of the following elements of the business environment?
- (a) Customers
 - (b) Suppliers
 - (c) Intermediaries
 - (d) Competitors
63. Identify the global company which started its Indian operations in 1921 in Kolkata.
- (a) American Express
 - (b) Goldman Sachs
 - (c) IBM Inc.
 - (d) HP Inc.
64. Which of the options is an incentive for exporters?
- (a) Exchange Rate Moderate



- (b) Exchange Range Stable
(c) Exchange Rate Increasing
(d) Exchange Rate Falling
65. Coexistence of large and small enterprises in harmony is a major objective of which of these institutions?
(a) RBI
(b) SEBI
(c) CCI
(d) IRDAI
66. Keeping extremely low prices to not let anyone grow as a competition is called?
(a) Price Skimming
(b) Pre-emptive Pricing
(c) Price Discrimination
(d) Price Sensitivity
67. Which of the following statements about Non-Economic Activities is True?
(a) Even Non-Economic activities have an economic dimension
(b) Even Consumption is a Non-Economic activity
(c) Non-Economic activities are Productive
(d) Unspent income comprises of Non-Economic capital
68. Which of the following is not part of internal environment of a business organisation?
(a) Labor Unions
(b) Corporate Culture
(c) Customers
(d) Organisational Structure
69. Where is India's largest SEZ?
(a) Hazira
(b) Dhamra
(c) Tehri
(d) Mundra
70. Foreign Exchange Management Act (FEMA), would fall under which of the following type of Public Policy?
(a) Restrictive
(b) Regulatory
(c) Facilitating
(d) Advisory
71. Which of the following is not a Funding Institution?
(a) World Bank



- (b) NABARD
(c) Reserve Bank of India
(d) International Monetary Fund
72. The marketing department of Go Now Pvt. Ltd. divided the consumers into different groups based on their characteristics, like buying frequency, actuals spend, age and preferences. Which of the following has the marketing department focused on?
- (a) Market Segmentation
(b) Market Division
(c) Market Analysis
(d) Market Grouping
73. The maximum number of members of a public company is:
- (a) 07
(b) 50
(c) No limit
(d) 200
74. What is the single word that can best describe today's business?
- (a) Technology
(b) Change
(c) Persistence
(d) Profit making
75. Who was the co-founder of Microsoft with Bill Gates?
- (a) Paul Allen
(b) Melinda Gates
(c) Satya Nadella
(d) Lucci Hood
76. BRICS stands for:
- (a) Belgium, Russia, Indonesia, China and Saudi Arabia
(b) Belgium, Russia, India, Cambodia and Saudi Arabia
(c) Brazil, Russia, India, China and South Africa
(d) Brazil, Romania, India, Cambodia and South Africa
77. Which one of the following is an Indian Regulatory Body that facilitates business organizations?
- (a) EXIM Bank
(b) NABARD
(c) IRDA
(d) IFCI
78. When two or more companies come together to expand their business operations in a newly created



- entity.
- (a) Joint venture
 - (b) Acquisition
 - (c) Partnership
 - (d) Merger
79. With two shareholders and two directors which company will be incorporated
- (a) Public company
 - (b) One Person Company
 - (c) Private company
 - (d) Public traded company
80. A successful business has to identify, appraise and respond to the various ----- and -----in its environment.
- (a) Suppliers and customers
 - (b) Competitors and creditors
 - (c) Rules and regulations
 - (d) Opportunities and threats
81. Which of the following is the most recently incorporated company?
- (a) Axis Bank Ltd.
 - (b) Adani Ports and Special Economic Zone Ltd.
 - (c) Bharti Airtel Ltd.
 - (d) Flipkart
82. FDI in sectors which required prior approval is identified as
- (a) Institutional Route
 - (b) Automatic Route
 - (c) Government Route
 - (d) NRI Route
83. CCI consists of a chairman and-----members appointed by the Central Government.
- (a) Five
 - (b) Six
 - (c) Seven
 - (d) Four
84. put option means the stock price is above the strike price.
- (a) In the money
 - (b) At the money
 - (c) Out of the money



- (d) Call money
85. OPC (One Person Company) is a corporate form of which of the following?
- (a) LLP
 - (b) Sole Proprietorship
 - (c) Partnership
 - (d) HUF
86. Labour Unions are part of?
- (a) Micro Environment
 - (b) Macro Environment
 - (c) Internal Environment
 - (d) Organisational Environment
87. Which is the company in India to have equity stake in 1st Greenfield Airport at Cochi, India?
- (a) Adani Ports SEZ Ltd.
 - (b) Bharat Petroleum Corporation Ltd.
 - (c) Tata Sons Pvt. Ltd.
 - (d) Larsen & Toubro Ltd.
88. Exchange Rate weakening is beneficial for _____ while a strengthening is beneficial for _____ ?
- (a) Local Government and Foreign government
 - (b) State Government and Central Government
 - (c) RBI and SEBI
 - (d) Exporter and Importer
89. SEBI conducts investigation and enforcement action falls under its which function?
- (a) Quasi-Executive Function
 - (b) Quasi-Legislative Function
 - (c) Quasi-Judicial Function
 - (d) Quasi-constitutional Function
90. Unpaid media coverage is achieved through?
- (a) Popularity
 - (b) Publicity
 - (c) Social Media Marketing
 - (d) Promotion
91. We can get edible oils from the local shop in our locality, or through a big mall nearby, or from an online marketplace or a 10 minutes delivery app. All these options portray to which of the below domains of BCK?
- (a) BCK is eclectic
 - (b) BCK is Vast



- (c) BCK is multi-faceted
(d) BCK is complex
92. The wants and needs of the consumers fall under which of the following?
(a) Events
(b) Trends
(c) Expectations
(d) Issues
93. Find the largest exporter of three wheelers in India.
(a) APSEZ
(b) Bajaj Auto
(c) TVS Motor Company
(d) Maruti Suzuki
94. Privatisation refers to:
(a) Transferring Government ownership to private hands
(b) Disinvestment in public sector enterprise
(c) Opening those areas for private sector which are reserved for Government
(d) All of the above
95. Who is responsible for overall credit and monetary policy of Indian economy?
(a) RBI
(b) NABARD
(c) SEBI
(d) IDBI
96. Buying silver in Mumbai to take advantage of the price difference in Assam is an example of?
(a) Hedge
(b) Put Option
(c) Arbitrage
(d) Call Option
97. A HUF cannot comprise members of a:
(a) Hindu & Sikh family
(b) Jain family
(c) Buddhist family
(d) Muslim family
98. Who is the present chairman of Wipro Limited?
(a) Azim Premji
(b) Rishad Premji



- (c) Thierry Delaporte
(d) and (b)
99. What is the constitution of Competition Commission of India?
(a) A chairperson and 6 members appointed by the Central Government.
(b) A chairperson and 5 members appointed by the Central Government.
(c) A chairperson and 5 members appointed by the RBI.
(d) A chairperson and 6 members appointed by the RBI.
100. A very large loan extended by a group of small banks to a single corporate borrower is called as which of the following?
(a) Time Deposit
(b) Long term loan
(c) Annuities
(d) Syndicated loan

Test Series: June, 2022

MOCK TEST PAPER 2

FOUNDATION COURSE

PAPER 4: BUSINESS ECONOMICS AND BUSINESS AND COMMERCIAL KNOWLEDGE

PART - I: BUSINESS ECONOMICS

ANSWERS

Answer Key

1	(a)	11	(b)	21	(c)	31	(c)	41	(a)	51	(d)
2	(c)	12	(c)	22	(a)	32	(c)	42	(b)	52	(d)
3	(b)	13	(c)	23	(a)	33	(b)	43	(c)	53	(b)
4	(d)	14	(b)	24	(b)	34	(c)	44	(d)	54	(a)
5	(c)	15	(a)	25	(a)	35	(a)	45	(d)	55	(a)
6	(d)	16	(b)	26	(c)	36	(b)	46	(d)	56	(b)
7	(c)	17	(c)	27	(d)	37	(a)	47	(c)	57	(c)
8	(c)	18	(a)	28	(c)	38	(c)	48	(d)	58	(d)
9	(a)	19	(c)	29	(c)	39	(b)	49	(a)	59	(c)
10	(d)	20	(d)	30	(a)	40	(c)	50	(d)	60	(d)



PAPER – 4 PART II: BUSINESS AND COMMERCIAL KNOWLEDGE
ANSWERS

61	62	63	64	65	66	67	68	69	70
(c)	(a)	(a)	(d)	(c)	(b)	(a)	(c)	(d)	(b)
71	72	73	74	75	76	77	78	79	80
(c)	(a)	(c)	(b)	(a)	(c)	(c)	(d)	(c)	(d)
81	82	83	84	85	86	87	88	89	90
(d)	(c)	(b)	(c)	(b)	(c)	(b)	(d)	(a)	(b)
91	92	93	94	95	96	97	98	99	100
(b)	(c)	(b)	(d)	(a)	(c)	(d)	(b)	(a)	(d)



Test Series: November, 2022

MOCK TEST PAPER 1
FOUNDATION COURSE

PAPER 4: BUSINESS ECONOMICS AND BUSINESS AND COMMERCIAL KNOWLEDGE

PART- I:
BUSINESS
ECONOMI
CS

1. Which of the following statements is true?
 - (a) The study of economics ensures that all problems will be appropriately tackled.
 - (b) The study of economics cannot ensure that all problems will be appropriately tackled.
 - (c) The study of economics does not enable a student to examine a problem in its right perspective.
 - (d) None of these
2. Business economics is ____
 - (a) A science
 - (b) An art
 - (c) Both science and art
 - (d) None of these
3. A rational person does not act unless ____
 - (a) The action is ethical.
 - (b) The action produces marginal cost that exceeds marginal revenue.
 - (c) The action produces marginal benefits that exceed marginal costs.
 - (d) The action makes money for the person.
4. Opportunity cost is _____.
 - (a) A cost that cannot be avoided.
 - (b) The cost incurred in the past before we make a decision about what to do in the future.
 - (c) That which we forgo or give up when we make a choice or a decision.
 - (d) The additional benefit of buying an additional unit of a product.
5. The regulatory mechanism of the market system is-
 - (a) Self-interest
 - (b) Private property
 - (c) Competition
 - (d) Specialization
6. Which one of the following countries does not follow Capitalist economic system?
 - (a) USA



- (b) UK
(c) Germany
(d) India
7. The price which a consumer would be willing to pay for a commodity equals to his-
(a) Total utility
(b) Marginal utility
(c) Average utility
(d) Does not have any relation to any of these
8. Diminishing marginal utility implies that the
(a) marginal utility of a good diminishes over time.
(b) total utility is negative.
(c) last unit of a good consumed will contribute most to the consumer's satisfaction.
(d) first unit of a good consumed will contribute most to the consumer's satisfaction.
9. The buyers in the market include
(a) Consumers
(b) Businesses
(c) Government
(d) All of the above
10. "The increase in demand of a commodity due to the fact that others are also consuming the same commodity" is known as _____
(a) Veblen effect
(b) Bandwagon effect
(c) Snob effect
(d) Demonstration effect
11. A rise in price of a good _____ consumer surplus.
(a) Reduces
(b) Increases
(c) Either (a) and (b)
(d) Doesn't affect
12. All desires, tastes and motives of human beings are called _____ in economics.
(a) Willingness
(b) Demand
(c) Wants
(d) None of these
13. Match the following

LIST-I

LIST- II



- | | |
|--|-------------------------------|
| (a) Two perfect substitute goods | 1. Linear Indifference Curve |
| (b) Two perfect complementary goods | 2. Monotonic Preference |
| (c) Indifference curve is always | 3. L-Shape Indifference Curve |
| (d) Higher IC gives higher level of satisfaction | 4. Convex to the origin |
- Codes: a b c d

- | | | | | |
|-----|---|---|---|---|
| (a) | 1 | 2 | 3 | 4 |
| (b) | 3 | 1 | 4 | 2 |
| (c) | 1 | 3 | 4 | 2 |
| (d) | 1 | 3 | 2 | 4 |

14. In the Cobb-Douglas production function given as: $Q = AL^a K^{1-a}$ the share of labour in total production is
- (a) a
(b) 1 - a
(c) A
(d) aL

15. Match the following

LIST-I

- (a) Tea and Coffee
(b) Car and Petrol
(c) Gold & Diamond
(d) Ragi and Bajara

LIST- II

1. Veblen goods
2. Substitutes
3. Giffen goods
4. Complementary

- Codes: a b c d
- | | | | | |
|-----|---|---|---|---|
| (a) | 1 | 2 | 3 | 4 |
| (b) | 2 | 4 | 1 | 3 |
| (c) | 1 | 3 | 4 | 2 |
| (d) | 1 | 3 | 2 | 4 |

16. "Returns to a factor" refers to the effect on total output of changes in:
- (a) One factor only
(b) Various inputs separately
(c) All the inputs simultaneously
(d) None of the above

17. Which one of the following cost curve is not in U-shape?



- (a) AC
(b) MC
(c) AFC
(d) AVC
18. Given $TC = 2000 + 15Q - 6Q^2 + Q^3$, How much is TFC at $Q = 2000$? (a) 2000
(b) 975
(c) 30,000
(d) Can't be determined
19. A point of 'Kink' in the kinked demand curve indicates
I. Price rigidity
II. Quantity rigidity
III. Price flexibility
IV. Quantity flexibility
(a) I & II are correct
(b) II & III are correct
(c) III & IV are correct
(d) I & IV are correct
20. When total revenue is increasing :
(a) Marginal revenue may be either positive or negative.
(b) The demand curve is relatively inelastic.
(c) Marginal revenue is positive.
(d) Marginal revenue is negative.
21. Value in exchange is also known as
(a) Value in use
(b) Economic value
(c) Both (a) and (b)
(d) None of these
22. Which one of the following features of the term market is incorrect?
(a) Market is the collection of buyers and sellers with the potential to trade.
(b) A market need not be a formal.
(c) A market need not to be held in a particular place.
(d) A market must be formal or to be held in a particular place.
23. If a firm's total revenue is not enough to make good even the _____, it is better for firm to shut down.
(a) Total fixed cost



- (b) Marginal cost
(c) Average fixed cost
(d) Total variable cost
24. The study of demand and supply model is useful in explaining
- (a) How government works
(b) How markets work
(c) How consumers behave
(d) None of these
25. A monopolized market is in long run equilibrium when
- (a) Zero economic profit is earned by the monopolist
(b) Production takes place where price is equal to long run MC and AC
(c) Production takes place where long run MC is equal to MR and price is not below the long run average cost.
(d) All of the above are correct
26. If a firm sells its output on a market that is characterized by few sellers and many buyers and limited long run resource mobility, then the firm is
- (a) A monopolist
(b) An oligopolist
(c) A perfect competitor
(d) A monopolistic competitor
27. Which of the following is a differentiated product?
- (a) A hamburger
(b) A shirt
(c) An automobile
(d) All of the above
28. Decrease in input demand _____
- (a) Doesn't affect inputs prices
(b) Pushes inputs prices up
(c) Pulls inputs prices down
(d) Either (b) or (c)
29. Different business cycles _____ in duration and intensity.
- (a) differ
(b) similar
(c) consistent
(d) Can't say
30. In order to influence spending on the goods and services in the short run, _____ is directed at



- directly influencing interest rate.
- (a) fiscal policy
 - (b) budgetary policy
 - (c) monetary policy
 - (d) economic policy
31. is concerned with welfare proposition.
- (a) Normative Economics
 - (b) Positive Economics
 - (c) Both (a) and (b)
 - (d) None of these
32. The greater the inequalities in the distribution of money incomes, the _____ the inequalities in the distribution of national output.
- (a) greater
 - (b) lesser
 - (c) (a) or (b)
 - (d) None of these
33. A consumer's preferences are monotonic if and only if between two bundles, the consumer prefers the bundle which has _____
- (a) more of one of the goods
 - (b) less of at least one of the goods
 - (c) more of at least one of the goods and less of the other good.
 - (d) more of at least one of the goods and no less of the other good.
34. Law of diminishing marginal rate of substitution is associated with
- (a) Marshall
 - (b) Hicks
 - (c) Slutsky
 - (d) Keynes
35. Assertion (A): An iso-cost line is a straight line.
Reason (R): The market rate of exchange between the two inputs is constant.
- (a) (A) is true and (R) is false
 - (b) Both (A) and (R) are true & (R) is the correct explanation of (A)
 - (c) Both (A) and (R) are true & (R) is not the correct explanation of (A)
 - (d) (A) is false and (R) is true
36. Consider the following statements about the relationship between cost and production-
1. When AP rises, AVC falls
 2. When AP reaches at maximum, AVC is minimum



3. When AP falls, AVC rises
Which of the above statements is correct?
- (a) 1 & 2
 - (b) 3 only
 - (c) 1, 2 & 3
 - (d) 2 & 3
37. An industry comprised of a very large number of sellers producing a standardized product is known as
- (a) Monopolistic competition
 - (b) Oligopoly
 - (c) Pure monopoly
 - (d) Pure competition
38. The monopolistically competitive seller's demand curve will become more elastic, the
- (a) more significant the barriers to entering the industry.
 - (b) greater the degree of product differentiation.
 - (c) larger the number of competitors.
 - (d) smaller the number of competitors.
39. Excess capacity is not found under _____
- (a) Monopoly
 - (b) Monopolistic competition
 - (c) Perfect competition.
 - (d) Oligopoly
40. If increasing air fares increases revenues and decreasing them decreases revenues, then the demand for air travel has a price elasticity of:
- (a) Zero
 - (b) Greater than zero but less than one
 - (c) One
 - (d) Greater than one
41. A necessity is defined as a good having:
- (a) A positive income elasticity of demand
 - (b) A negative income elasticity of demand
 - (c) An income elasticity of demand between zero and 1.
 - (d) An income elasticity of more than 1.
42. Monopolies are allocatively inefficient because:
- (a) They restrict the output to keep the price higher than under perfect competition.
 - (b) They charge a price higher than the marginal cost.



- (c) Both (a) and (b) are correct.
(d) Both (a) and (b) are incorrect.
43. In the long-run, some firms will exit the market if the price of the good offered for sale is less than:
(a) marginal revenue.
(b) marginal cost.
(c) average total cost.
(d) average revenue.
44. The producer is in equilibrium at a point where the cost line is:
(a) above the isoquant
(b) below the isoquant
(c) cutting the isoquant
(d) Tangent to isoquant
45. Price discrimination will be profitable only if the elasticity of demand in different markets in which the total market has been divided is:
(a) uniform
(b) different
(c) less
(d) zero
46. An example of positive economic analysis would be:
(a) an analysis of the relationship between the price of food and quantity purchased
(b) determining how much income each person should be granted
(c) determining the fair price for food
(d) deciding how to distribute the output of the economy
47. An economy achieves "productive efficiency" when:
(a) The best quality goods are produced
(b) The highly skillful resources in the country are fully employed
(c) All resources are utilized, and goods and services are produced at least cost
(d) None of the above
48. Contraction of demand is the result of:
(a) Decrease in the number of consumers
(b) Increase in the price of the goods concerned
(c) Increase in the price of other goods
(d) Decrease in the income of purchases.
49. All the following are the features of monopoly except
(a) There is a single seller



- (b) The firm is a price taker
 - (c) The firm produces a unique product
 - (d) The existence of some advertising
50. The other name of the Budget line is:
- (a) Demand line
 - (b) Price line
 - (c) Supply line
 - (d) None of the above
51. expressed the view the "Economics is neutral between end"
- (a) Robbins
 - (b) Marshall
 - (c) Pigou
 - (d) Adam Smith
52. The law of consumer surplus is based on:
- (a) Indifference curve analysis
 - (b) Revealed preference theory
 - (c) Law of substitution
 - (d) The law of diminishing marginal utility
53. Cardinal Measurability of utility means:
- (a) Utility can be measured
 - (b) Utility cannot be measured
 - (c) Utility can be ranked
 - (d) Utility can be measured in some case
54. If two goods are totally unrelated, then cross elasticity between them is:
- (a) Zero
 - (b) One
 - (c) None of the above
55. Which is not the function of an entrepreneur?
- (a) Initiating a business enterprise and resource co-ordination
 - (b) Risk bearing or uncertainty bearing
 - (c) Innovation
 - (d) Mobilisation of savings
56. Which of the following is not one of the features of capitalist economy?
- (a) Right of private property
 - (b) Freedom of choice by the consumers



- (c) No profit, No Loss motive
(d) Competition
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. The four phases of the business cycle are
- (a) peak, recession, trough and boom
(b) peak, depression, trough and boom
(c) peak, recession, trough and recovery
(d) peak, depression, bust and boom.
59. is an implicit cost of production
- (a) Wages of the labour
(b) Charges for electricity
(c) Interest on owned money capital
(d) Payment for raw material
60. Calculate Income-elasticity for the household when the income of a household rises by 10% the demand for T.V. rises by 20%
- (a) +.5
(b) -.5
(c) +2
(d) -2

PAPER – 4 PART II: BUSINESS AND COMMERCIAL KNOWLEDGE

QUESTIONS

Max. Marks: 40

61. Find out the incorrect statement:
- (a) Economic activities are income generating activities
(b) Economic activities are productive activities
(c) Consumption is not an economic activity
(d) Non-banking financial companies' operations are economic activities
62. Code of Conduct is an aspect of which form of occupation?
- (a) Employment
(b) Entrepreneurship
(c) Business
(d) Profession



63. "Hunger to win customers for life" is the mission of -
- (a) Bajaj Auto Limited
 - (b) Bharti Airtel Limited
 - (c) Bharat Petroleum Corporation Limited
 - (d) Flipkart
64. For a business, Inflation as an indicator of policy shall be most detrimental if?
- (a) It is extremely low
 - (b) It is extremely high
 - (c) It is moderate
 - (d) It is rising
65. RBI's role does not include-
- (a) Friend, Philosopher and Guide to Government
 - (b) Maintain financial books of accounts of the Government
 - (c) Regulate inflation
 - (d) Guide all commercial banks
66. 'Limit order' is
- (a) An order to buy or sell a share at a higher price
 - (b) An order to buy or sell a share at a lower price
 - (c) An order to buy or sell a share at a specified price
 - (d) An order to buy or sell a share at prevailing price
67. Kumar & Sons has business presence in India, Bangladesh, Nepal and Bhutan. It can be termed as?
- (a) Binational
 - (b) Multinational
 - (c) Local
 - (d) Domestic
68. Environmental analysis helps in except-
- (a) Anticipate opportunities and to take optimum responses
 - (b) Turning threats to firm's advantages
 - (c) Providing input for strategic decision making
 - (d) Avoiding competition
69. Identify the Swiss transnational food and drink company?
- (a) Larsen & Toubro
 - (b) Walmart
 - (c) Nestle
 - (d) Unilever



70. Land reforms made by "Akbar the Great" were introduced under the leadership of -
- (a) Birbal
 - (b) Todarmal
 - (c) Hizabal
 - (d) Jaidev
71. NABARD's refinancing is available to all the below except which of the following?
- (a) State cooperative banks
 - (b) Regional rural banks
 - (c) Commercial banks
 - (d) Private sector banks
72. The idea of being concerned with People, Profits and Planet is a concept under?
- (a) PESTLE
 - (b) SWOT
 - (c) Sustainable Development
 - (d) Triple Bottom Line
73. Maximum number of members in a Private limited company are:
- (a) 50
 - (b) 200
 - (c) 20
 - (d) 500
74. Physical resources and technological capabilities are one of the components of _
- (a) Macro enlightenment
 - (b) Micro environment
 - (c) Internal environment
 - (d) External environment
75. 'Aequa Panna' is a water brand product of ____
- (a) Cipla
 - (b) Nestle
 - (c) ITC
 - (d) Walmart
76. The formation of National Skills Development Corporation (NSDC) is an example of
- (a) Regulatory policies
 - (b) Restrictive policies
 - (c) Facilitative policies
 - (d) Protective policies



77. Which one of the following is not a SEBI function as one body?
- (a) Quasi-legislative
 - (b) Quasi-judicial
 - (c) Quasi-fiscal
 - (d) Quasi-executive
78. The simultaneous purchase and sale of two identical commodities or instruments are called as _____
- (a) Amortize
 - (b) Annuity
 - (c) Arbitrage
 - (d) Asset
79. Which of the following is not true about a Limited Liability Partnership (LLP)?
- (a) Separate Legal Entity
 - (b) Incorporation not mandatory like normal partnership
 - (c) Designated Partners
 - (d) Hybrid Form of Business Organisation
80. Which of the following is not part of internal environment of a business organisation?
- (a) Labor unions
 - (b) Corporate culture
 - (c) Customers
 - (d) Organisational structure
81. Satya Nadella is the CEO of-
- (a) Amazon
 - (b) Microsoft
 - (c) Apple
 - (d) Wipro
82. Foreign brands were welcomed in India and were also allowed to use their foreign brand name. Which of the following does use of foreign brand name relate to?
- (a) Globalisation
 - (b) Privatisation
 - (c) Liberalisation
 - (d) Autonomy of Economy
83. Under which section of IRDAI Act can IRDAI function and impart its duties?
- (a) Section 11 of IRDAI Act, 1999



- (b) Section 21 of IRDAI Act, 1999
(c) Section 19 of IRDAI Act, 1999
(d) Section 14 of IRDAI Act, 1999
84. Which of the following is correct?
(a) The bid is higher than the offer
(b) The bid is equal to the offer
(c) The offer is higher than the bid
(d) Both offer and bid are unrelated
85. Marketing, Finance, Operations, Human Behaviour, Law and Policy, Economics, all together derive BCK. What does it tell us about BCK's domains?
(a) BCK is Vast
(b) BCK is Expanding
(c) BCK is Eclectic
(d) BCK is Vague
86. The following factors are an outcome of environmental scanning except the
(a) Strategic thinking
(b) Expectations
(c) Trends
(d) Issues
87. 'Wills Lifestyle' is a brand owned by?
(a) Tata Sons
(b) ITC Ltd.
(c) Amazon
(d) Flipkart
88. Tariff Advisory Committee is a part of?
(a) RBI
(b) IRDAI
(c) SEBI
(d) CCI
89. Which of the following is not a function of RBI?
(a) Promotion of Banking
(b) Collection of Foreign Institutional Data
(c) Banker to Government
(d) Funding NABARD
90. Highest Price the buyer is willing to pay is called?



- (a) Bid
 - (b) Ask
 - (c) Badla
 - (d) Beta
91. Tribal communities of Africa bringing their hunt and getting pulses in return can be called as what?
- (a) Non-Economic Activity
 - (b) Sustainable Practice of Trade
 - (c) Social Entrepreneurship
 - (d) Economic Activity
92. The corporate pressure to increase and improve diversity in the country's workforce is an area of study for the consumer businesses affecting which element of the environment?
- (a) Demographic Environment
 - (b) Political-Legal Environment
 - (c) Socio-cultural Environment
 - (d) Cultural Environment
93. Specified areas where government supports business to enhance development and increase employment are called?
- (a) SEZ - Specified Economic Zone
 - (b) DTA - Domestic Tariff Area
 - (c) SEZ - Special Economic Zone
 - (d) FTWZ - Free Trade and Warehousing Zone
94. Goods and Service Tax (GST), is a form of?
- (a) International Trade Policy
 - (b) Inclusive Policy
 - (c) Policy Reform
 - (d) Public Welfare Scheme
95. The competition commission of India was established on-
- (a) 14th August, 2003
 - (b) 14th September, 2003
 - (c) 14th October, 2003
 - (d) 14th November, 2003
96. A strategy which involves setting low prices in order to discourage or deter potential new entrants to the suppliers' market is termed as
- (a) Price sensitivity
 - (b) Price skimming
 - (c) Pre-emptive pricing
 - (d) Penetrative pricing



97. Which of the following is a hybrid form of business organization?
 (a) HUF
 (b) Partnership
 (c) Limited Liability Partnership (LLP)
 (d) Public company
98. Promotion of women in tech by the state government is a type of which policy?
 (a) Protective
 (b) Regulatory
 (c) Restrictive
 (d) Facilitating
99. Which of the following is not a form of privatization?
 (a) Delegation
 (b) Divestment
 (c) Departmentalization
 (d) Disinvestment
100. Charging high prices initially to build a brand conscious customer base is called?
 (a) Price Sensitivity
 (b) Price Skimming
 (c) Price Discrimination
 (d) Price Margin Analysis

Series: November, 2022

MOCK TEST PAPER 1

FOUNDATION COURSE

PAPER 4: BUSINESS ECONOMICS AND BUSINESS AND COMMERCIAL KNOWLEDGE

PART - I: BUSINESS ECONOMICS

ANSWERS

Answer Key

1	(b)	11	(a)	21	(b)	31	(a)	41	(c)	51	(a)
2	(c)	12	(c)	22	(d)	32	(a)	42	(c)	52	(d)
3	(c)	13	(c)	23	(d)	33	(d)	43	(c)	53	(a)
4	(c)	14	(a)	24	(b)	34	(b)	44	(b)	54	(a)
5	(c)	15	(b)	25	(c)	35	(b)	45	(b)	55	(d)



6	(d)	16	(a)	26	(b)	36	(a)	46	(a)	56	(c)
7	(b)	17	(c)	27	(d)	37	(d)	47	(c)	57	(b)
8	(d)	18	(a)	28	(c)	38	(c)	48	(b)	58	(c)
9	(d)	19	(a)	29	(a)	39	(c)	49	(b)	59	(c)

10	(b)	20	(c)	30	(c)	40	(b)	50	(b)	60	(c)
----	-----	----	-----	----	-----	----	-----	----	-----	----	-----

**PAPER – 4 PART II: BUSINESS AND COMMERCIAL KNOWLEDGE
ANSWERS**

61	62	63	64	65	66	67	68	69	70
(c)	(d)	(b)	(a)	(b)	(c)	(b)	(d)	(c)	(b)
71	72	73	74	75	76	77	78	79	80
(d)	(d)	(b)	(c)	(b)	(c)	(c)	(c)	(b)	(c)
81	82	83	84	85	86	87	88	89	90
(b)	(c)	(d)	(c)	(c)	(a)	(b)	(b)	(b)	(a)
91	92	93	94	95	96	97	98	99	100
(d)	(a)	(c)	(c)	(c)	(c)	(c)	(d)	(c)	(b)



Test Series: November, 2022

MOCK TEST PAPER 2

FOUNDATION COURSE

PAPER 4: BUSINESS ECONOMICS AND

BUSINESS

AND

COMMERCIAL

KNOWLEDGE PART - I: BUSINESS ECONOMICS

1. Microeconomic theory studies how a free-enterprise economy determines
 - (a) the price of goods
 - (b) the price of services
 - (c) the price of economic resources
 - (d) all of the above.
2. Which aspect of taxation involves normative economics?
 - (a) the incidence of (i.e., who actually pays for) the tax
 - (b) the effect of the tax on incentives to work
 - (c) the "fairness" of the tax
 - (d) all of the above.
3. When the price of a substitute of commodity X falls, the demand for X
 - (a) rises,
 - (b) falls,
 - (c) remains unchanged
 - (d) any of the above.
4. An increase in the price of a commodity when demand is inelastic causes the total expenditures of consumers of the commodity to
 - (a) increase
 - (b) decrease
 - (c) remain unchanged
 - (d) any of the above.
5. If the amounts of two commodities purchased both increase or decrease when the price of one change, the cross elasticity of demand between them is
 - (a) negative
 - (b) positive
 - (c) zero



- (d) 1.
6. A consumer who is below the personal budget line (rather than on it)
- (a) is not spending all personal income
 - (b) is spending all personal income
 - (c) may or may not be spending all personal income
 - (d) is in equilibrium.
7. The substitution effect for a fall in the price of a commodity (ceteris paribus) is given by
- (a) a movement up a given indifference curve
 - (b) a movement from a higher to a lower indifference curve
 - (c) a movement down a given indifference curve
 - (d) any of the above.
8. When real income rather than money income is kept constant in drawing a consumer's demand curve for a commodity, the demand curve is negatively sloped,
- (a) Always
 - (b) never
 - (c) sometimes
 - (d) often.
9. Traditional economic theory could not explain choices involving risk because it assumed that
- (a) MU always declines
 - (b) MU first declines and then rises
 - (c) MU first rises and then declines
 - (d) MU always increases.
10. Empirical demand curves refer to demand curves estimated from
- (a) utility theory
 - (b) the new approach to consumer theory
 - (c) information provided by individual consumers
 - (d) actual market price-quantities observations.
11. Within the relevant range, isoquants
- (a) are negatively sloped
 - (b) are convex to the origin
 - (c) cannot cross
 - (d) are all of the above.
12. At the point where a straight line from the origin is tangent to the TC curve, AC
- (a) is minimum
 - (b) equals MC



- (c) equals AVC plus AFC
(d) is all of the above.
13. At the best, or optimum, short-run level of output, the firm will be
- (a) maximizing total profits
(b) minimizing total losses
(c) either maximizing total profits or minimizing total losses
(d) maximizing profits per unit.
14. In the short run, the monopolist
- (a) breaks even,
(b) incurs a loss,
(c) makes a profit
(d) any of the above.
15. In long-run equilibrium, the pure monopolist (as opposed to the perfectly competitive firm) can make pure profits because of
- (a) blocked entry
(b) high selling prices
(c) low LAC costs
(d) advertising.
16. When the industry is in long-run equilibrium, the monopolistic competitor will produce at the lowest point on its LAC curve,
- (a) always
(b) never
(c) sometimes
(d) cannot say.
17. In the kinked demand curve models, the oligopolists
- (a) recognize their interdependence
(b) do not collude
(c) tend to keep prices constant
(d) all of the above
18. "If Americans today, for example were to content to live at the level of the Indian middle-class people, all their wants would be fully satisfied with their available resources and capacity to produce. "On the basis of the above statement, which of the following conclusion can be made?"
- (a) The possession of goods and services by USA has enormously increased to exceed their wants.
(b) The affluent and developed countries of USA and Western Europe face the problem of scarcity even today as their present wants to remain a head of their increased resources and capacity to produce.
(c) The affluent and developed countries are not facing the problem of scarcity.



- (d) None of these
19. Economics is a branch of _____ focused on the production, distribution and consumption of goods and services.
- (a) Natural science
(b) Physical science
(c) Social science
(d) None of these
20. A socialist economy is a system of production where goods and services are produced _____.
- (a) to generate profit
(b) directly for use
(c) Both (a) and (b)
(d) None of these
21. Capital intensive technique of production is used in _____.
- (a) Developed Economy
(b) Underdeveloped Economy
(c) Labour surplus economy
(d) Capital surplus economy
22. During lockdown due to COVID-19, a consumer finds the vegetable vendors selling vegetables in the street have raised the prices of vegetables than usual prices. She will buy _____ vegetables than/as her usual demand showing the demand of vegetables is _____.
- (a) more, inelastic demand
(b) less, elastic demand
(c) same, inelastic demand
(d) same, elastic demand
23. At saturation point of TU curve, the slope of TU curve is _____.
- (a) 1
(b) Infinity
(c) Zero
(d) Positive
24. The most crucial determinant of demand for an item is _____.
- (a) Income of consumer
(b) Prices of other related goods
(c) Taste and preference of consumer
(d) It's own price
25. With reference to Arc elasticity measures the responsiveness of demand demand curve. (a) at one given point



- (b) at intercepts on X-axis & Y-axis _____ on the
- (c) between two points
- (d) Any of the above
26. Cost incurred which has 'no relevance' to future planning is called ____
- (a) Marginal Cost
- (b) Sunk Cost
- (c) Book Cost
- (d) Average Cost
27. After identifying the market, the enterprise has to make decision regarding 4 Ps. Which one of the following is not one of these 4 Ps.
- (a) Promotion
- (b) Place
- (c) People
- (d) Product



28. Which of the following is incorrect formula?
- $TC = AC \times Q$
 - $\sum MC = TC$
 - $\sum MC = TVC$
 - $\sum MC + TFC = TC$
29. Which of the following is true at equilibrium in monopolistic competition?
- Price is greater than marginal cost
 - Price is greater than marginal revenue
 - Both (A) and (B)
 - Price is equal to marginal revenue
30. A purely competitive seller's average revenue curve coincides with
- its marginal revenue curve only
 - its demand curve only
 - both its demand & marginal revenue curves
 - Neither demand nor marginal revenue curve.
31. According to British economist J. M. Keynes _____ was the main cause of massive decline in income and employment during Great Depression of 1930.
- Lower aggregate expenditure in the economy.
 - Banking crises and low money supply.
 - Overdebtiness.
 - Lower profits & pessimism
32. Post war reconstruction
- will push the economy to slow down because of excess external debts.
 - will cause pickup in economic activities as the reconstruction pushes up effective demand & in turn employment and income.
 - can cause boom or recession depending upon the policies for reconstruction adopted by govt.
 - None of these
33. The price which a consumer would be willing to pay for a commodity equals to his -.
- Total utility
 - Marginal utility
 - Average utility
 - Does not have any relation to any of these
34. Computers and computer software are _____
- Substitute goods
 - Complementary goods



- (c) Independent goods
(d) Normal goods
35. Fluctuations in Economic Activities according to Keynes due to
- (a) Innovation
(b) Changes in Money supply
(c) Fluctuation in aggregate effective demand
(d) None of these
36. The turning point of business cycle is produced by when economic indicators
- (a) Coincident
(b) Lagging indicators
(c) Leading indicators
(d) All of the above
37. U-shaped average cost curve is based on
- (a) Law of variable proportions
(b) Law of increasing cost
(c) Law of decreasing cost
(d) None of these
38. The reason behind the upward sloping portion of the long-run cost curve is
- (a) economy of scale
(b) diseconomy of scale
(c) diminishing marginal rate of substitution
(d) None of these
39. Short-run marginal cost of the firm will be increasing when
- (a) average cost is decreasing
(b) total fixed cost is increasing
(c) Average fixed cost is decreasing
(d) None of these
40. Consumer is sovereign under
- (a) Free Economy
(b) Mixed Economy
(c) Controlled Economy
(d) Both (a) and (b)
41. The problem of "what to produce" relates to
- (a) The choice of goods and services



- (b) Distribution of income
 - (c) The choice of technique
 - (d) None of these
42. Shift in the budget line when prices are constant are due to
- (a) Change in income
 - (b) Change in demand
 - (c) Change in utility
 - (d) None of these
43. Law of demand is violated when
- (a) Income effect is negative
 - (b) Substitution effect is negative
 - (c) Negative income effect is greater than the substitution effect
 - (d) None of these
44. Elasticity is greater than utility for
- (a) Luxuries
 - (b) Necessaries
 - (c) Complementary good
 - (d) None of these
45. Which of the following is not studied in micro economics?
- (a) Factor pricing
 - (b) Location of Industry
 - (c) Consumer Behaviour
 - (d) External value of currency
46. The Characteristics of capitalist economics does not include?
- (a) Right to Private property
 - (b) Freedom of economic choice
 - (c) Absence of Consumer choice
 - (d) Completion
47. Which of the following are within the scope of business economies?
- (a) Capital Budgeting
 - (b) Risk Analysis
 - (c) Business cycles
 - (d) All of the Above
48. The Substitution effect will be stronger when
- (a) The goods are closer substitution
 - (b) There is lower cost of switching to the substitute goods



- (c) There is lower Inconvenience while switching to the substitute good
(d) All the above
49. In Spite of the fact that the price of the television sets refrigerators, air conditions etc. have been continuously rising their demand does not stand any tendency to fact because they are
- (a) Conspicuous goods
(b) Giffen goods
(c) Speculative goods
(d) Conspicuous necessities.
50. What are the determinants of price elasticity
- (a) Availability of substitutes
(b) Price range
(c) Position of a Commodity in the Consumer's budget.
(d) All the above
51. Income elasticities _____ in the short run and long run
- (a) differ
(b) Same
(c) Can't say
(d) Both (a) and (b)
52. Accounting costs are
- (a) Implicit cost
(b) Explicit Costs
(c) Economics Costs
(d) None of these
53. Telecom Industry is an example of
- (a) Monopoly
(b) Perfect Competition
(c) Oligopoly
(d) Monopolistic competition
54. On the basis of nature of transaction the market is classified into
- (a) Regulated and Unregulated market
(b) Wholesale and Retail market
(c) Spot and future Market
(d) None of these
55. Total Revenue is maximise when total revenue is ____
- (a) 1
(b) 0



- (c) High
(d) None of these
56. Third degree Price discrimination can be explained through example of
- (a) dumping
(b) Charging different Prices for domestic and commeced use
(c) Lower Price in ratioing for senior citizen
(d) All of the above.
57. Management of the firm control over macro-economic factors.
- (a) has
(b) has no
(c) has partial
(d) None of these
58. Related goods are of _____ types.
- (a) two
(b) three
(c) four
(d) five
59. The elasticity of supply at any point on a given supply curve passing through the origin point making angle of 35 degree with X-axis is _____
- (a) Greater than one
(b) Less than one
(c) Equal to one
(d) Any of the above
60. Traditional approach of law of demand was propounded by _____
- (a) Giffen
(b) Paul A Samuelson
(c) Alfred Marshall
(d) Pique

PAPER – 4 PART II: BUSINESS AND COMMERCIAL KNOWLEDGE

QUESTIONS

Max. Marks: 40

61. Which of the following is not an economic activity?
- (a) Eating food at a restaurant
(b) Selling food at subsidised prices
(c) Making cloth material for retail



- (d) Cleaning the road in front of your house yourself
62. External factors affecting a business environment is also referred to as factors?
- (a) Controllable
 - (b) Relevant
 - (c) Global
 - (d) Uncontrollable
63. Who owns the India's only port-led multi-product SEZ?
- (a) Reliance Group
 - (b) Adani Group
 - (c) ONGC Ltd
 - (d) Indian Oil Ltd
64. Blackrock invested 30 million USDs as a portfolio investor in Indian stock market. This may be a case of :
- (a) FDI
 - (b) FII investment
 - (c) Indirect investment
 - (d) NRI investment
65. Self Help Groups are majorly helped by small banks and many other financial supporting institutions. Which of the following is the major contributor to their success in India?
- (a) State Bank of India
 - (b) RBI
 - (c) NABARD
 - (d) Non Banking Financial Institutions (NBFCs)
66. The statistical measure of change in price on a stock exchange is?
- (a) Dividend
 - (b) Index
 - (c) Beta
 - (d) Bid
67. Trading implies buying for the purposes of selling. Applying this criterion, tell which of the following activities would not qualify as trading?
- (a) Purchase of goods in bulk quantity from the manufacturer and sale in smaller quantities to the retailers
 - (b) Buying from the wholesaler and selling it to the consumers



- (c) Buying from the retailer for self - consumption
 - (d) Purchase of raw materials from the suppliers for further processing in the factory
68. In PESTLE Analysis, what does E stand for?
- (a) Environment and Ethics
 - (b) Economy and Environment
 - (c) Ethics and Egalitarian Economy
 - (d) Economy and Enlightenment
69. Power System Operation Corporation Limited (POSOCO) is a subsidiary of :
- (a) IOCL
 - (b) NTPC
 - (c) ONGC
 - (d) PGCIL
70. UK Government gave the businesses an option to either pay more taxes or to give up subsidies on export. What kind of public policy is this?
- (a) Protective
 - (b) Facilitating
 - (c) Regulatory
 - (d) Restrictive
71. Which of the following is Government's initiative for furthering and facilitating businesses in India?
- (a) Good and Service Tax
 - (b) Make in India
 - (c) Skill India
 - (d) Beti Bachao Beti Padhao
72. A stock market where number of transactions are very low and thus, the volatility in the market is huge, is called?
- (a) Thin Market
 - (b) Slow Market
 - (c) Lazy Market
 - (d) Weak Market
73. Which of the following is not true about a Limited Liability Partnership (LLP)?
- (a) Separate Legal Entity
 - (b) Incorporation not mandatory like normal partnership



- (c) Designated Partners
(d) Hybrid Form of Business Organisation
74. Which of the following is not a characteristic of least resistance strategic response:
(a) Dynamic
(b) Passive approach
(c) Simple goal maintaining
(d) All of the above
75. Apple was founded by-
(a) Steve Jobs
(b) Steve Wozniak
(c) Ronald Wayne
(d) All of the above
76. Public Policies are classified as .
(a) Positive, Negative, Neutral
(b) Regulatory, Facilitative, Restrictive and Protective
(c) Government driven, business driven and people driven
(d) None of the above
77. Which one of the following is not a SEBI function as one body?
(a) Quasi-legislative
(b) Quasi-judicial
(c) Quasi-fiscal
(d) Quasi-executive
78. A water bottle sold in a Mall versus the same bottle sold for half the price on roadside is an example of?
(a) Pre-Emptive Pricing
(b) Price Skimming
(c) Price Discrimination
(d) Price Elasticity of Demand
79. Which of the following statements cannot be associated with Business?
(a) Revenue and profits are core to every business
(b) Only an educated person can start a business
(c) Capital is needed to start a business
(d) It is better to be aware of Legal compliances for all businesses



80. Which of the following is not part of internal environment of a business organisation?
- (a) Labor unions
 - (b) Corporate culture
 - (c) Customers
 - (d) Organisational structure
81. Which gas company owns India's largest pipeline network?
- (a) GAIL(India) Ltd.
 - (b) Bharat Petroleum Corporation Ltd.
 - (c) Reliance Industries Ltd.
 - (d) ONGC
82. Foreign brands were welcomed in India and were also allowed to use their foreign brand name. Which of the following does use of foreign brand name relate to?
- (a) Globalisation
 - (b) Privatisation
 - (c) Liberalisation
 - (d) Autonomy of Economy
83. NABARD refines the financial institutions which finances the-
- (a) Urban sector
 - (b) Rural sector
 - (c) Secondary sector
 - (d) Service sector
84. is the measure of return on investments in terms of percentage
- (a) Yield
 - (b) Index
 - (c) Equity
 - (d) Bonus
85. Members of a Hindu Undivided Family are called?
- (a) Father
 - (b) Karta
 - (c) Coparcener
 - (d) Mitakshara
86. Which of the following statements is true?



- (a) Consumer and Customer are always the same person
 - (b) Customer may or may not be the consumer
 - (c) Environmental study is optional for any business
 - (d) Micro Environment is a part of Internal Environment
87. "To empower every person and every organization on the planet to achieve more" is the mission statement of?
- (a) Bharti Airtel
 - (b) Amazon
 - (c) Microsoft
 - (d) HDFC Bank
88. Goods and Service Tax (GST), is a form of?
- (a) International Trade Policy
 - (b) Inclusive Policy
 - (c) Policy Reform
 - (d) Public Welfare Scheme
89. Which of the following does SEBI not cater to?
- (a) Government Organizations
 - (b) Investors
 - (c) Intermediaries
 - (d) Security Issuing Companies
90. Token money paid in the early stages of Negotiation is called?
- (a) Early Money Deposit
 - (b) Earning Money Deposit
 - (c) Token E-Cash
 - (d) Earnest Money Deposit
91. The structure in which there is a separation of ownership and management is called
- (a) Sole proprietorship
 - (b) Partnership
 - (c) Company
 - (d) All business organisations



92. Which of the following is not an example of socio-cultural environment?
- (a) Role of women in society
 - (b) Rising income
 - (c) Family structure
 - (d) Educational levels
93. Which of the following is founded by two Danish Engineers taking refuge in India?
- (a) Cipla Ltd
 - (b) L&T Ltd
 - (c) Flipkart
 - (d) NTPC Ltd
94. Policy Formulation process is?
- (a) Uni-Directional
 - (b) Bi-Directional
 - (c) Multi-Directional
 - (d) Single Point of Contact Oriented
95. Free and fair competition ensures all, except?
- (a) Punishing the laggards
 - (b) Boosts fixed choice preferences of customers
 - (c) Increases Efficiency
 - (d) Encourages Innovation
96. Security whose price is derived from another underlying asset is called?
- (a) Derivative
 - (b) Options
 - (c) Forwards
 - (d) Futures
97. Which of the following is not a stakeholder for a business?
- (a) Customer
 - (b) Promoter
 - (c) Competitor
 - (d) Government
98. Atmanirbhar Bharat is a competition for Global companies in India, this defines which



- characteristic of the business environment?
- (a) Far-reaching impact
 - (b) Complex
 - (c) Multi-faceted
 - (d) Dynamic
99. Who from the following helps a budding business to quickly launch a product and put it in the first lane of commercial success?
- (a) Business incubator
 - (b) Freight forward
 - (c) Business accelerator
 - (d) Merchandiser
100. Rates of interest that can be changed contractually by the lender are called-
- (a) Spot rates
 - (b) Administered rates
 - (c) Swap rates
 - (d) Repo rates

Test Series: November, 2022

**MOCK TEST PAPER 2
 FOUNDATION COURSE**

PAPER 4: BUSINESS ECONOMICS AND BUSINESS AND COMMERCIAL KNOWLEDGE

PART- I: BUSINESS ECONOMICS Answer Key

1	(a)	16	(b)	31	(a)	46	(c)
2	(c)	17	(d)	32	(b)	47	(d)
3	(b)	18	(b)	33	(b)	48	(a)
4	(a)	19	(c)	34	(b)	49	(d)
5	(a)	20	(b)	35	(c)	50	(d)
6	(a)	21	(d)	36	(d)	51	(a)
7	(d)	22	(c)	37	(a)	52	(b)
8	(a)	23	(c)	38	(b)	53	(c)
9	(a)	24	(d)	39	(b)	54	(c)



10	(d)	25	(c)	40	(d)	55	(a)
11	(d)	26	(b)	41	(a)	56	(d)
12	(d)	27	(c)	42	(a)	57	(b)
13	(c)	28	(b)	43	(c)	58	(a)
14	(d)	29	(c)	44	(a)	59	(c)

15	(a)	30	(c)	45	(d)	60	(c)
----	-----	----	-----	----	-----	----	-----

APER – 4 PART II: BUSINESS AND COMMERCIAL KNOWLEDGE

ANSWERS

61	62	63	64	65	66	67	68	69	70
(d)	(d)	(b)	(b)	(c)	(b)	(c)	(b)	(d)	(c)
71	72	73	74	75	76	77	78	79	80
(b)	(a)	(b)	(a)	(d)	(b)	(c)	(c)	(b)	(c)
81	82	83	84	85	86	87	88	89	90
(a)	(c)	(b)	(a)	(c)	(b)	(c)	(c)	(a)	(d)
91	92	93	94	95	96	97	98	99	100
(c)	(b)	(b)	(b)	(b)	(a)	(c)	(c)	(c)	(b)

Test Series: April, 2023

MOCK TEST

PAPER 1

FOUNDATION

COURSE

PAPER 4: BUSINESS ECONOMICS AND BUSINESS AND COMMERCIAL

KNOWLEDGE PART - I: BUSINESS ECONOMICS

QUESTIONS

1 Business Economics is a :



- (a) Normative Science
 - (b) Interdisciplinary
 - (c) Pragmatic
 - (d) All of these
2. Rationale of the law of demand is:
- (a) Price effect of a fall in price
 - (b) Different uses
 - (c) Arrival of new consumers
 - (d) All of these
3. Methods of demand forecasting are:
- (a) Survey of Buyer's intension
 - (b) Collective opinion Method
 - (c) Both (a) and (b)
 - (d) None of these
4. Entrepreneur has its most important function as _____
- (a) Bear the sense of responsibility
 - (b) Earn profit
 - (c) Innovate
 - (d) None of these
5. Pears, Liril & Dove are example of
- (a) Perfect Competition
 - (b) Monopoly
 - (c) Monopolistic Competition
 - (d) None of these
6. Monopolist Charges different price for his commodity in discriminating monopoly implies:
- (a) At different places
 - (b) For different uses
 - (c) From different group of consumers
 - (d) Any of the above
7. Variables that change before the real output changes are called:
- (a) Lagging indicator
 - (b) Leading Indicator
 - (c) Concurrent Indicator



- (d) None of these
8. Supply is the -
- (a) Limited resources-that are available within the seller
 - (b) Cost of Producing a good
 - (c) Entire-relationship between the quantity supplied and the price of good.
 - (d) Willingness to produce a good if the technology to produce it becomes available
9. Economy's historical performance was reflected by:
- (a) Lagging indicating
 - (b) Leading indicating
 - (c) Either (a) or (b)
 - (d) None of these
10. Contraction of demand is the result of
- (a) Decrease in the number of Consumers
 - (b) Increase in the price of the good concerned
 - (c) Price of related products
 - (d) None of these
11. Cost of living increase when business cycle is operating at its
- (a) Lowest point
 - (b) Peak
 - (c) Contracting
 - (d) Expanding
12. In the beginning economics was named as:
- (a) Political Economy
 - (b) Welfare Economics
 - (c) Economies of Wealth
 - (d) None of these
13. The market price cannot be influenced by a seller under:
- (a) Monopolistic Competition
 - (b) Monopoly
 - (c) Perfect Competition
 - (d) All the above



14. Time elements was conceived by :
- (a) Paul Sweezy
 - (b) Hicks
 - (c) Marshall
 - (d) Simon Kuznets
15. The Pure monopolist in the long run can make pure profit due to :
- (a) High Selling Price
 - (b) Advertising
 - (c) Low LAC Cost
 - (d) Blocked entry
16. Law of variable proportion is related to :
- (a) Long Run
 - (b) Short Run
 - (c) Both (a) and (b)
 - (d) None of these
17. What are the Central Problem of an economy:
- (a) What to Produce
 - (b) What provisions are to be made for economic growth?
 - (c) How to Produce
 - (d) All the above
18. Which of the following is not the demerit of Capitalism:
- (a) There is usually high degree of operative efficiency under the capitalist system
 - (b) Under Capitalism there is precedence of property right over human rights
 - (c) Due to income inequality the pattern of demand does not represent the real needs of the society.
 - (d) Capitalism leads to the formation of monopolies
19. Macroeconomics is also called _____ economics.
- (a) experimental
 - (b) aggr
 - egate (c)
 - applied.
 - (d) none of these
20. The Substitution effect will be stronger when:



- (a) there is lower inconvenience while switching to the Substitute good
(b) the goods are closer substitute.
(c) there is lower cost of switching to the substitute good
(d) All of the above
21. Which of the following is the exception to the law of demand:
(a) Speculative goods
(b) Conspicuous necessities
(c) Future expectation about prices
(d) Income effect
22. If the price of A rises by 10% and the demand for B increases by 15% then the Cross elasticity will be:
(a) 1.5
(b) 1.5
(c) 2
(d) None of these
23. What are the limitation of Consumer Surplus:
(a) Consumer surplus cannot be measured precisely
(b) The Consumer surplus derived from a commodity is affected by availability of substitute
(c) Both (a) & (b)
(d) None of these
24. Which of the following is not the characteristic of land:
(a) It is a passive factor
(b) It has multiple uses
(c) It's supply is fixed
(d) It is a active factor
25. Accounting costs are also called:
(a) Explicit cost
(b) Implicit Cost
(c) Either a or b
(d) None of these
26. The Vertical difference between TVC and TC is equal to :
(a) Marginal Cost
(b) Average variable cost
(c) Total fixed Cost



- (d) None of these.
27. The classification of market is made on the basis of :
- (a) Geographical Area
 - (b) Time
 - (c) Volume of business
 - (d) All the above
28. How do monopoly arises:
- (a) Strategic Control over scarce resources
 - (b) Governments granting exclusive rights to produce and sell a good or a service
 - (c) Stringent legal and regulatory requirements effectively discourages entry of new firms without being specifically prohibited
 - (d) All of the above
29. Which of the following involve a trade-off ?
- (a) Taking a nap
 - (b) Going to University
 - (c) Watching a football game on Saturday afternoon
 - (d) All of these
30. The indifference curve of two substitute will be:
- (a) Straight line
 - (b) U- Shaped
 - (c) C Shaped
 - (d) L shaped
31. Sweezy's Model is related to which market form :
- (a) Oligopoly market
 - (b) Perfect Competition market
 - (c) Monopoly market
 - (d) None of these
32. Price discrimination cannot persist Under which market form -
- (a) Perfect competition
 - (b) Monopolistic Competition



- (c) Monopoly
(d) None of these
33. In law of variable proportion how many stages are there:
(a) 1
(b) 3
(c) 5
(d) None of these
34. At the stage when Negative Return sets in :
(a) MP is negative
(b) MP is diminishing
(c) Either a or b
(d) none of these
35. Minimum assured price to the farmers to purchase their output by the government is called:
(a) Market Price
(b) Equilibrium Price
(c) Support Price
(d) Ceiling Price
36. The income elasticity For Luxuries goods is:
(a) $E > 1$
(b) $E < 1$
(c) $E = 0$
(d) None of these
37. Unique supply curve is monopoly is not due to _____
(a) $P > MC$
(b) $P < MC$
(c) $P = MC$
(d) None of these
38. AR is different from MR under which form of market :
(a) Monopoly
(b) Monopolistic competition
(c) Perfect Competition
(d) Both a and b
39. In Monopoly Cross elasticity of Product is :



- (a) Zero
 - (b) High
 - (c) Infinity
 - (d) None of these
40. Innovation theory is propounded by :
- (a) Schumpeter
 - (b) Nicholas Kaldor
 - (c) Keynes
 - (d) None of these
41. Information Technology bubble burst of 2000 is an example of :
- (a) Business Cycle
 - (b) Consumer Sovereignty
 - (c) Freedom of choice
 - (d) None of these
42. In which form of market Cartels can be formed:
- (a) Perfect competition
 - (b) Monopoly
 - (c) Oligopoly
 - (d) None of these
43. Monopolistic Competition theory architect was
- (a) Roden
 - (b) Marx
 - (c) J R Hicks
 - (d) Chamberlin
44. Snob effect is explained as _____
- (a) It is a function of consumption of others
 - (b) It is a function of price
 - (c) Both (a) and (b)
 - (d) None of these
45. The rate at which the consumer is prepared to exchange-good x and y is :
- (a) Marginal rate of substitution
 - (b) Elasticity of Substitution
 - (c) Diminishing Marginal Utility



- (d) None of these
46. Cost of living increase when business cycle is operating at :
- (a) Lowest point
 - (b) Peak
 - (c) Contracting
 - (d) Expanding
47. Supply and Stock are _____
- (a) Same thing
 - (b) Different
 - (c) Having no comparison
 - (d) Both (a) and (c)
48. Economic indicator required to predict the turning point of business cycle is :
- (a) Leading indicator
 - (b) Lagging indicator
 - (c) Coincident
 - (d) All of the above
49. Normative economics can be best explained through:
- (a) Fairness to tax
 - (b) Incidence to tax
 - (c) Effect of tax on incentives to work
 - (d) None of these
50. For Giffen good the Engel curve is:
- (a) Positive sloped
 - (b) Vertical
 - (c) horizontal
 - (d) Negative sloped
51. If the monopolist incurs losses in the short run then in the long run:
- (a) It will stay in the business
 - (b) Go out of business
 - (c) Will break even
 - (d) Any of the above is possible
52. Globalization indicate rapid ____ between Countries :
- (a) Competition



- (b) Investment
(c) Integration
(d) None of these
53. Elasticity of supply to the degree of responsiveness of supply of a good to changes in its;
(a) Demand
(b) Price
(c) Cost of production
(d) State of technology
54. Monopsony market and monopoly market when combined is called:
(a) Oligopoly market
(b) Monopolistic market
(c) Duopoly market
(d) Bilateral Money Market
55. Consumer under Income effect:
(a) Always purchase higher quantities of both the commodities
(b) moves to higher or lower indifference curve
(c) moves along the original indifference Curve.
(d) None of these
56. Which is not the External Causes of business cycle:
(a) Technology shock
(b) Population Growth
(c) Money Supply
(d) Technology Shock
57. Which is the feature of monopolistic Competition:
(a) Large number of sellers
(b) Product differentiation
(c) Freedom of entry and exit
(d) All of the above
58. Total Utility is maximum when:
(a) Marginal Utility is negative
(b) Marginal Utility is zero
(c) Marginal Utility is at its highest point.



- (d) None of these
59. Stock Exchange is an example of ___
- (a) Forward market
 - (b) Regulated market
 - (c) Spot market
 - (d) None of these
60. Which of the following is not a characteristic of monopolistic competition?
- (a) Ease of entry into the industry
 - (b) Product differentiation
 - (c) A homogeneous Product
 - (d) A relatively large number of sellers

PAPER – 4 PART II: BUSINESS AND COMMERCIAL KNOWLEDGE

QUESTIONS
Marks: 40

Max.

61. A company which may be created for a future project or to hold an asset or intellectual property and has no significant accounting transaction called--
- (a) One Person Company (OPC)
 - (b) Small company
 - (c) Dormant company
 - (d) Banking company
62. Which of the following is NOT a correct statement?
- (a) 'Make in India' campaign is an example of political- legal environment.
 - (b) Changes in corporate tax is an example of political – legal environment.
 - (c) Increase in GDP is an example of economic environment.
 - (d) Reliance Jio as a competitor of BSNL is an example of internal environment.
63. Which one of the following is NOT related to funds transfer in banks?
- (a) RTGS
 - (b) NEFT
 - (c) IFSC
 - (d) CRR and SLR
64. Which of the following is NOT meant by liberalization?
- (a) Decontrol



- (b) Disinvestment of PSU
(c) Freedom to do business
(d) Deregulation
65. High beta value stocks are-
- (a) Less volatile
(b) Defensive
(c) Less defensive
(d) More volatile
66. The vision "Be a model corporate entity with social responsibility committed to energizing lives through sustainable development" belongs to-
- (a) ONGC
(b) IOC
(c) BPCL
(d) HPCL
67. Which of the following is NOT correct?
- (a) In Bullish market prices of security increase
(b) In Bearish market prices of security fall
(c) In Bearish market the investors are optimist
(d) In Bullish market the investors are optimist.
68. Which one the following is NOT the strategic response to the environment?
- (a) Administrative response
(b) Competitive response
(c) Collective response
(d) Political response
69. Which of the following is NOT a regulatory institution?
- (a) ARC
(b) RBI
(c) IRDA
(d) SEBI
70. Which of the following sectors prohibited under FDI?
- (a) Textiles
(b) Atomic energy
(c) Automobiles



- (d) Insurance
71. Maximum number of members in a Private limited company are:
- (a) 50
 - (b) 200
 - (c) 20
 - (d) 500
72. Which bank provides the digital service Payzapp?
- (a) Axis Bank Limited
 - (b) HDFC Bank Limited
 - (c) ICICI Bank Limited
 - (d) SBI
73. ----- implies contractual co-ownership of a business.
- (a) HUF
 - (b) Sole proprietorship
 - (c) Partnership
 - (d) Private Limited Company
74. Emergence of a strong new competitors in the industry is an example of-
- (a) Strength
 - (b) Weakness
 - (c) Opportunity
 - (d) Threat
75. Regulation of forex transactions is done by the _____
- (a) RBI
 - (b) Ministry of Finance
 - (c) SEBI
 - (d) World Bank
76. Monetary policy does NOT concentrate upon-
- (a) Interest rate
 - (b) Credit control
 - (c) Liquidity adjustment
 - (d) Disposable income
77. Which of the following is the correct statement?
- (a) FDI has strong speculative effect in stock market.



- (b) FII have strong speculative effect in stock market.
(c) FDI is also called portfolio investment.
(d) FDI is short term investment.
78. What is consolidation?
- (a) It is an expense that is supposed to reflect the loss in value of a fixed asset.
(b) Combination of two or more entities that occurs when the entities transfer all their net assets to a new entity created for that purpose.
(c) Potential liability arising from a past transaction or a subsequent event.
(d) Cost that can be attributed clearly to the activity you are considering.
79. Which of the following is NOT true about a Limited Liability Partnership (LLP)?
- (a) Separate legal entity
(b) Incorporation not mandatory like normal partnership
(c) Designated Partners
(d) Hybrid Form of Business Organisation
80. Which of the following is NOT part of internal environment of a business organisation?
- (a) Labor Unions
(b) Corporate Culture
(c) Customers
(d) Organisational Structure
81. To be the leading provider of financial services in India and a major global bank is in the vision of which Indian Commercial Bank?
- (a) ICICI Bank
(b) HDFC Bank
(c) State Bank of India
(d) Axis Bank Limited
82. Economic Activities are based on the concept of?
- (a) Altruism
(b) Rationality
(c) Sentimental value creation
(d) Emotional Reasons
83. Amazon in India has its registered office at?
- (a) Bengaluru



- (b) Hyderabad
(c) Singapore
(d) Mauritius
84. A company is said to undergo _____ when its assets are sold off piecemeal rather than one single operating entity?
(a) Acquisition
(b) Merger
(c) Liquidation
(d) Sale off
85. Marketing, Finance, Operations, Human Behaviour, Law and Policy, Economics, all together derive BCK. What does it tell us about BCK's domains?
(a) BCK is Vast
(b) BCK is Expanding
(c) BCK is Eclectic
(d) BCK is Vague
86. Gain for one is a loss for someone else - this concept can be understood by which of the characteristics of Business Environment?
(a) It is dynamic
(b) It has far reaching impact
(c) It is multi-faceted
(d) It is complex
87. Indian LPG is the product of which enterprises in India?
(a) IOCL
(b) NTPC
(c) ONGC
(d) PGCIL
88. For a business, Inflation as an indicator of policy shall be most detrimental if?
(a) It is Extremely Low
(b) It is Extremely High
(c) It is Moderate
(d) It is Rising
89. Which of the following is NOT a function of RBI?
(a) Promotion of Banking



- (b) Collection of Foreign Institutional Data
(c) Banker to Government
(d) Funding NABARD
90. The exchange rate of a country is-
- (a) No. of units of a given currency that can be purchased for one unit of another currency.
(b) Equity shares exchanged for number of bonus shares.
(c) Dividend paid out of profits.
(d) Current ratio
91. Which of the following is NOT a feature of Private company?
- (a) There are no restrictions on transfer of shares.
(b) Minimum number of directors are 2.
(c) Private companies are exempted from deputing various committees of Board of Directors.
(d) It can start business upon incorporation.
92. A strategic response where businesses are very passive in their behaviour is called as-
- (a) Least resistance
(b) Proceed with caution
(c) Dynamic response
(d) Strategic action
93. Where is the India's only port-led multi-product SEZ?
- (a) Kochi
(b) Mumbai
(c) Surat
(d) Mundra
94. Which of the following is one of the most significant macro policy indicators that impact business?
- (a) Trade policy
(b) International trade
(c) Tax rates
(d) Rural policy
95. RBI's role does NOT include-
- (a) Friend, Philosopher and Guide to Government
(b) Maintain legal stability
(c) Regulate inflation



- (d) Guide all commercial banks
96. Dividing consumer into groups based on different consumer characteristics, to deliver specially designed advertisements that meet these characteristics as closely as possible, is known as-
- (a) Mass marketing
 - (b) Market targeting
 - (c) Market segmentation
 - (d) Marketing plan
97. Which of the following is NOT an economic activity?
- (a) Eating food at a restaurant
 - (b) Selling food at subsidised prices
 - (c) Making cloth material for retail
 - (d) Cleaning the road in front of your house yourself
98. External factors affecting a business environment is also referred to as factors?
- (a) Controllable
 - (b) Relevant
 - (c) Global
 - (d) Uncontrollable
99. Spreading fixed costs over large number of units to reduce the per unit cost is called?
- (a) Diversification
 - (b) Forecasting
 - (c) Budgeting
 - (d) Economies of Scale
100. SEBI is the apex authority for setting rules for-
- (a) Money market
 - (b) Capital market
 - (c) Non-Financial markets
 - (d) Market for insurance products

PAPER – 4A PART I: BUSINESS ECONOMICS

ANSWERS

1	2	3	4	5	6	7	8	9	10
(d)	(d)	(c)	(c)	(c)	(d)	(b)	(c)	(a)	(d)



11	12	13	14	15	16	17	18	19	20
(b)	(a)	(c)	(c)	(c)	(c)	(d)	(a)	(b)	(d)
21	22	23	24	25	26	27	28	29	30

(d)	(a)	(c)	(d)	(a)	(c)	(d)	(d)	(d)	(a)
31	32	33	34	35	36	37	38	39	40
(a)	(a)	(b)	(a)	(c)	(a)	(a)	(d)	(a)	(a)
41	42	43	44	45	46	47	48	49	50
(a)	(c)	(d)	(a)	(a)	(d)	(b)	(d)	(a)	(d)
51	52	53	54	55	56	57	58	59	60
(d)	(c)	(b)	(d)	(b)	(c)	(d)	(b)	(b)	(c)

PAPER – 4 PART II: BUSINESS AND COMMERCIAL KNOWLEDGE
ANSWERS

61	62	63	64	65	66	67	68	69	70
(c)	(d)	(d)	(b)	(d)	(c)	(c)	(d)	(a)	(b)
71	72	73	74	75	76	77	78	79	80
(b)	(b)	(c)	(d)	(a)	(d)	(b)	(b)	(b)	(c)
81	82	83	84	85	86	87	88	89	90
(a)	(b)	(b)	(c)	(c)	(c)	(a)	(a)	(b)	(a)
91	92	93	94	95	96	97	98	99	100
(a)	(a)	(d)	(c)	(b)	(c)	(d)	(d)	(d)	(b)



MOCK TEST PAPER 2
FOUNDATION COURSE

PAPER 4: BUSINESS ECONOMICS AND BUSINESS AND COMMERCIAL KNOWLEDGE PART- I:

BUSINESS ECONOMICS

QUESTIONS

1. "The wealth of Nation" Considered as the first modern work of Economics was written by :
 - (a) Marx
 - (b) Adam-Smith
 - (c) Lipsey
 - (d) Allen
2. Business Economics is:
 - (a) Normative Science
 - (b) Interdisciplinary
 - (c) Pragmatic in approach
 - (d) All the above
3. The Central Economic Problem is:
 - (a) What to Produce?
 - (b) What Provision (if any) are to be made for economic growth?
 - (c) How to Produce?
 - (d) All the above
4. The 'communist Manifesto' was published in:
 - (a) 1848
 - (b) 1905
 - (c) 1952
 - (d) None of these.
5. Which of the following is not within the scope of Business Economies?
 - (a) Risk Analysis
 - (b) Accounting Standards
 - (c) Capital Budgeting
 - (d) All the Above
6. The allocation of resources in a free-market economy is determined by :



- (a) Level of Profits of firms
(b) Consumer Preferences
(c) Central Planning Authority
(d) None of these
7. Which of the following exhibit direct price demand relationship:
(a) Substitute goods
(b) Complementary goods
(c) Giffen goods
(d) None of these.
8. Which of the following is a variable case for a firm?
(a) Interest on Loan
(b) Monthly rent
(c) Insurance Premium
(d) Wages to Employees
9. A firm's average fixed cost (AFC) is Rs. 20 at Six Units of output. What will be AFC at four Units of Output?
(a) Rs. 20
(b) Rs. 30
(c) Rs. 40
(d) Rs. 50
10. X,Y and Z are confused with the formula for defining TC
(a) X Says : $TC = TVC + TFC$
(b) Y Says: $TC = AC \times \text{output}$
(c) Z Says: $TC = ZMC + TFC$ Identify
who amongst them is correct
(a) X
(b) Y
(c) Z
(d) All of them
11. Which two curves are intersected by MC Curve at their minimum points:
(a) AC and AVC
(b) AC and AFC
(c) AC and TVE



- (d) AVC and AFC
12. There will be----- in the demand Curve of cars with an incase in the Price of Petrol
- (a) Leftward shift
 - (b) Rightward Shift
 - (c) Upward Movement
 - (d) Downward Movement
13. The Consumer surplus is derived from:
- (a) Law of diminishing marginal utility
 - (b) Marginal rate of substitution.
 - (c) Budget line
 - (d) None of these
14. Income elasticity in the case of Inferior good will be :
- (a) Zero
 - (b) Positive
 - (c) Negative
 - (d) Infinite
15. What are the determinant of Price elasticity of demand?
- (a) Availability of Substitute
 - (b) Tied demand.
 - (c) Time period
 - (d) All of these
16. When the two goods are complementary to each other the cross elasticity between them is:
- (a) Negative
 - (b) Positive
 - (c) Either of these
 - (d) None of these
17. According to Hicks and Allen the demand curve slopes downwards due to :
- (a) Income and substitution effect
 - (b) Diminishing marginal utility
 - (c) Price elasticity
 - (d) None of these
18. The heavy advance order for Capital goods is an example of
- (a) Lagging Indicator



- (b) Leading Indicator
(c) Coincidental Indicator
(d) None of these
19. The commonly available technique of demand forecasting are:
- (a) Survey of buyer's intention
(b) Expert opinion method
(c) Least Square method
(d) All of these
20. If the price of both goods fall how would that budget line, be affected?
- (a) The budget line will be shifting to the left.
(b) The budget line would not shift.
(c) So long as the prices of both goods change in the same proportion the new budget line will have same slope.
(d) None of these.
21. Two Suppliers and many buyers are in ----- market.
- (a) Duopoly
(b) Monopoly
(c) Perfect Competition
(d) Oligopoly
22. Interest on own capital is a ----
- (a) Explicit Cost
(b) Implicit Cost
(c) Future Cost
(d) None of these
23. The transformation of physical inputs into output is known as ----
- (a) Supply
(b) Demand
(c) Cost
(d) Production
24. When $e = 0$ elasticity of demand is
- (a) Unitary
(b) Inelastic



- (c) Perfectly inelastic demand
(d) None of these.
25. Which curve is not affected by fixed cost?
(a) MC Curve
(b) TC Curve
(c) AC Curve
(d) AFC Curve
26. Which two curves are intersected by MC curve at their minimum points:
(a) AC and AVC
(b) AVC and AFC
(c) AC and AFC
(d) AC and TVC
27. Which of the following is an example of "Implicit cost"?
(a) Interest that could have been earned on retained earnings used by the firm to finance expansion
(b) Payment of Rent by the Firm
(c) Interest Payment made by the Firm for funds borrowed from a Bank
(d) Payment of Wages by the Firm
28. Demand curve of perfectly competitive market form is a horizontal straight line parallel to X-axis. It happens because:
(a) Selling costs are zero
(b) There is freedom of entry and exit
(c) Firm is a price-taker
(d) None of these
29. Under which market form, the demand curve is steeper as compared to monopolistic competition?
(a) Monopoly
(b) Oligopoly
(c) Perfect Competition
(d) None of these
30. Firms cooperate with each other in determining price or output or both. It is a feature of:
(a) Pure Oligopoly
(b) Non-Collusive Oligopoly
(c) Imperfect Oligopoly
(d) Collusive Oligopoly
31. Consumers get maximum variety of goods under:
(a) Perfect Competition
(b) Monopolistic Competition



- (c) Monopoly
(d) Pure Competition
32. 'A few big sellers' is a characteristics of:
- (a) Perfect Competition
(b) Monopolistic Competition
(c) Oligopoly
(d) None of the above
33. Ceteris paribus means:
- (a) Holding supply constant
(b) Holding demand constant
(c) Price being constant
(d) other factors being constant.
34. Who defined Business economics in terms of the use of economic analysis in the formulation of business policies?
- (a) Adam Smith
(b) Robbins
(c) Joel Dean
(d) Alfred Marshall
35. A rational person does not act unless ____
- (a) The action is ethical.
(b) The action produces marginal cost that exceeds marginal revenue.
(c) The action produces marginal benefits that exceed marginal costs.
(d) The action makes money for the person.
36. Which one of the following countries does not follow Capitalist economic system?
- (a) USA
(b) UK
(c) Germany
(d) India
37. "The increase in demand of a commodity due to the fact that others are also consuming the same commodity" is known as _____
- (a) Veblen effect
(b) Bandwagon effect
(c) Snob effect
(d) Demonstration effect
38. In the Cobb-Douglas production function given as: $Q = A L^a K^{1-a}$ the share of labour in total production is
- (a) a
(b) 1 - a



- (c) A
(d) a .L
39. Assertion (A): Investment has also a supply effect.
Reason (R): Because it raises capacity to produce.
- (a) (A) is true and (R) is false
(b) Both (A) and (R) are true & (R) is the correct explanation of (A)
(c) Both (A) and (R) are true & (R) is not the correct explanation of (A) (
(d) (A) is false and (R) is true
40. Which of the following statement is incorrect?
- (a) Kinked Demand Curve is related to Oligopolistic market
(b) Even a monopolistic firm can incur losses
(c) Firms are price takers in perfectly competitive market
(d) It is always beneficial for a firm in a perfectly competitive market to discriminate prices
41. In economics, generally the classification of the markets is made on the basis of
- (a) Time
(b) Geographic area
(c) Volume of business
(d) All of these
42. Peak is the _____ stage of expansion.
- (a) Later
(b) Earlier
(c) Either (A) or (B)
(d) None of the above
43. Coincident economic indicators are also called _____ .
- (a) Concurrent indicators
(b) Compound indicators
(c) Coexist indicators
(d) Random indicators
44. Demand for complementary goods are:
- (a) Derived Demand
(b) Autonomous demand
(c) Aggregate Demand
(d) None of these
45. The budget line is also known as:
- (a) Production Possibility Curve



- (b) Consumption Possibility Curve
 - (c) Iso Utility Curve
 - (d) None of these
46. Allocation of resources is dealt in:
- (a) Macro Economic
 - (b) Microeconomics
 - (c) Public Finance
 - (d) None of these
47. The Product under Pure Monopoly is:
- (a) Homogenous
 - (b) Differentiated
 - (c) Unrelated
 - (d) None of these
48. Demand for Electricity is elastic because
- (a) it is very expensive
 - (b) it has alternative uses
 - (c) it has a number of close Substitute.
 - (d) None of these
49. Fluctuation in economic activities according to Keynes are due to :
- (a) Innovations
 - (b) changes in money supply
 - (c) Fluctuation in aggregate effective demand
 - (d) Fluctuation in government spending
50. In business cycle peaks and troughs are collectively known as:
- (a) Turning Points
 - (b) Equilibrium Points'
 - (c) Real business cycle events'
 - (d) None of these
51. Price Rigidity explained by Sweezy's model is related to which market form:
- (a) Monopoly
 - (b) Oligopoly
 - (c) Monopolistic competition
 - (d) None of these
52. Secular Period is also known as :
- (a) Short Period
 - (b) Very Long Period



- (c) long Period
(d) Very short Period
53. Which of the following is correct about Cartel?
- (a) There are few firms
(b) All of which are similar in size
(c) Most Cartels have only a Subset of producers
(d) All of the above
54. Which of the following is not a determinant of the firm's cost function?
- (a) Taxes
(b) The Production Function
(c) The Price of the firm's output
(d) None of these
55. Comfort lie between:
- (a) inferior goods and necessities
(b) luxuries and inferior goods
(c) necessities and luxury
(d) None of these
56. Inequality and Exploitation is minimal under:
- (a) Mixed economy
(b) Capitalism
(c) Socialism
(d) None of these
57. A vertical supply curve parallel to Y axis implies that the elasticity of supply is :
- (a) Infinity
(b) Zero
(c) Greater than zero but less than infinity
(d) Equal to one
58. When the Output of the firm increases in the Short run , its average fixed cost :
- (a) Decreases
(b) Increases
(c) First decline and then rise
(d) remains constant
59. Price discrimination will be profitable only if the elasticity of demand in different sub market is :
- (a) different
(b) uniform



- (c) zero
 - (d) less
60. When $e > 1$ the MR is
- (a) One
 - (b) Negative
 - (c) Positive
 - (d) Zero

**PAPER – 4: PART II: BUSINESS AND
COMMERCIAL KNOWLEDGE**

**QUESTI
ONS**

Max. Marks: 40

61. Find out the incorrect:
- (a) Economic activities are drive by rationality.
 - (b) Economic activities are guided by self-interest.
 - (c) Non-Economic activities are driven by emotional or sentimental force.
 - (d) Non-Economic activities are not at all important in life.
62. National Water Mission is related to -
- (a) Environmental aspect
 - (b) Legal cause
 - (c) Social welfare
 - (d) Economic planning
63. One of the leading companies in Paint Industry, Asian Paints, was incorporate is in the year-(a)
1962
- (b) 1942
 - (c) 1868
 - (d) 1980
64. Mark incorrect as Globalization refers to:
- (a) Encouraging regional economic cooperation.
 - (b) Integrating the world into one economic global village.
 - (c) It pares the way for higher factor mobility.
 - (d) Drawing countries out of their insulation.
65. Which of the following is NOT a function of RBI?
- (a) Monopoly of Note issue
 - (b) Banker to the Government



- (c) Advancing loan to large business houses
(d) Controller of Credit
66. Which of the following is incorrect?
- (a) Arbitrage is simultaneous purchase and sale of a commodity.
(b) Current assets are those which can be turned into cash within a year.
(c) Intangible assets are those which do not have physical form. They are in the form of rights.
(d) Break-even point is also called an optimum point of a firm.
67. The Karta in Joint Hindu Family Business has
- (a) Limited liability
(b) Unlimited liability
(c) No liability for debts
(d) Joint liability
68. Environmental Analysis helps in:
- (a) Providing input for strategic decision making
(b) Turning threats to firm's advantage
(c) Anticipate opportunities and to take optimal responses
(d) All of the above
69. Which one of the following is NOT a Foreign Company?
- (a) Dr. Reddy's Laboratories Ltd.
(b) Walmart
(c) Nestle
(d) HP
70. Privatization may NOT be of conceptualized in form of:
- (a) Divestment
(b) Disinvestment
(c) Dedication
(d) Displacement
71. Which one of the following is NOT a SEBI function as one body?
- (a) Quasi-legislative
(b) Quasi-judicial
(c) Quasi-fiscal



- (d) Quasi-executive
72. ADR stands for:
- (a) American Deficit Record
 - (b) American Depository Receipt
 - (c) Asset Depreciation Record
 - (d) Asset Depository Receipt
73. Which of the following is NOT an economic objective of the firm?
- (a) Sales growth
 - (b) Improvement in market share
 - (c) Profits and return on investment
 - (d) Conservation of natural resources
74. In the PEST framework for environmental analysis, what does the letter 'E' stand for?
- (a) Ecological
 - (b) Economic
 - (c) Ethical
 - (d) Educational
75. The mission of Bharti Airtel Ltd. is:
- (a) Hunger to win customers for life
 - (b) Focus on value-based marketing
 - (c) Continual improvement
 - (d) Serving for better
76. Which policies are meant for specific segments of society, it can be in the area of public distribution to people below poverty line, justice for women etc.?
- (a) Financial
 - (b) Distributive
 - (c) Facilitating
 - (d) Economic
77. Which of these was originally privately owned?
- (a) SEBI
 - (b) IRDAI
 - (c) RBI
 - (d) NABARD
78. Risk is a probable chance that investments' actual returns will be _____ than as calculated.
- (a) Increased



- (b) Reduced
(c) Equal
(d) None of the above
79. Find out the incorrect:
- (a) Sole proprietor is a business unit having unlimited liability
(b) LLP firm may be constituted
(c) HUF business may be formed by a group of people who do not belong to family
(d) Hindu includes Buddha, Jain, Sikh, Parsi families
80. Mark incorrect: Partnership implies
- (a) Contractual ownership of business
(b) Liability of partner is limited to the extent of one's share capital
(c) The contract is an agreement enforceable at law is called deed
(d) Deed may be registered in India under the Partnership Act, 1932
81. Mark the correct:
- (a) Tata Sons is a holding company
(b) Infosys, Wipro and TCS are IT companies
(c) Flipkart, Amazon, Myntra are online trading companies
(d) All of the above are correct
82. Find out the correct:
- (a) For sustainable economic development, FII is more preferable to FDI.
(b) FDI has strong speculative effect in equity market.
(c) In India, permission for FDI is not uniform for all sectors.
(d) FDI is usually done to reap short term gains.
83. Which of the following Institution has a portfolio of Natural Resource Management Programmes involving diverse fields like Watershed Development, Tribal Development etc., though dedicated funds set up for the purpose?
- (a) SEBI
(b) RBI
(c) SBI
(d) NABARD
84. Which of the following is not covered under four P's of Marketing?
- (a) Product
(b) Price
(c) Place



- (d) Procedure
85. A partnership may NOT be formed to carry on:
- (a) Any trade
 - (b) Occupation
 - (c) Profession
 - (d) Social enterprise
86. Relationship between organisation and environment can be described through:
- (a) Exchange of information
 - (b) Exchange of resources
 - (c) Exchange of influence and power
 - (d) All of the above
87. Luca Maestri is the CFO of which company?
- (a) Walmart
 - (b) Nestle
 - (c) Apple
 - (d) Microsoft
88. The form of privatization, where government keeps hold of responsibility and private enterprise handles the management of it fully or partly is known as:
- (a) Disinvestment
 - (b) Deregulation
 - (c) Delegation
 - (d) Decentralization
89. Where is the head office of NABARD?
- (a) Mumbai
 - (b) Delhi
 - (c) Gurugram
 - (d) Benlgaluru
90. What is a bull market?
- (a) A market in which the stock prices are increasing consistently.
 - (b) A market in which the stock prices are decreasing consistently.
 - (c) A market in which the stock prices are stable over a long time.
 - (d) None of the above
91. A HUF cannot comprise members of a:
- (a) Hindu & Sikh family



- (b) Parsi family
(c) Buddhist family
(d) Muslim family
92. The term PESTLE analysis is used to describe a framework for analyzing:
- (a) Macro Environment
(b) Micro Environment
(c) Both Macro and Micro Environment
(d) None of above
93. Indane LPG is the product of which corporation in India?
- (a) IOCL
(b) NTPC
(c) ONGC
(d) PGCIL
94. Simplification of trade restrictions related to import is an example of:
- (a) Globalization
(b) Privatization
(c) Disinvestment
(d) Aggregation
95. The RBI has been vested with extensive power to control and supervise commercial banking system under the-
- (a) Reserve Bank of India Act, 1934
(b) The Banking Regulation Act, 1949
(c) Both (a) and (b)
(d) The Companies Act, 2013
96. is a strategy that is used to minimize the risk of a particular investment and maximize the returns of an investment.
- (a) Cap
(b) Encryption
(c) Hedge
(d) Term insurance
97. Which one is NOT a part of environmental scanning?
- (a) Identify opportunities & threats affecting business.
(b) It takes events, trends, issues and expectations in the consideration.
(c) It is done by government to know if the firm is engaged in any anti national activity.



- (d) It helps in formulating future path of the firm.
98. Identify the sector where, FDI is NOT permitted:
- Automobile
 - Infrastructure
 - Textile
 - Atomic energy
99. How many members of SEBI should be from RBI?
- 4
 - 3
 - 1
 - 2
100. A portion of the after-tax profits paid out to the owners of a business as a return on their investment is:
- Dividend
 - Expense
 - Expenditure
 - Deferred income

Test Series: May 2023

MOCK TEST PAPER 2

FOUNDATION COURSE

PAPER 4: BUSINESS ECONOMICS AND BUSINESS AND COMMERCIAL KNOWLEDGE PAPER

– 4A PART I: BUSINESS ECONOMICS

ANSWER

.	(b)	2.	(d)	3.	(d)	4.	(a)	5.	(b)
6.	(b)	7.	(c)	8.	(d)	9.	(b)	10.	(d)
11.	(a)	12.	(a)	13.	(a)	14.	(c)	15.	(d)
16.	(a)	17.	(a)	18.	(b)	19.	(d)	20.	(c)
21.	(a)	22.	(b)	23.	(d)	24.	(c)	25.	(a)
26.	(a)	27.	(a)	28.	(c)	29.	(a)	30.	(d)
31.	(b)	32.	(c)	33.	(d)	34.	(c)	35.	(c)
36.	(d)	37.	(b)	38.	(a)	39.	(b)	40.	(c)
41.	(d)	42.	(a)	43.	(a)	44.	(a)	45.	(b)
46.	(b)	47.	(a)	48.	(b)	49.	(c)	50.	(a)



51.	(b)	52.	(b)	53.	(d)	54.	(c)	55.	(c)
56.	(c)	57.	(b)	58.	(a)	59.	(a)	60.	(d)

PAPER – 4 PART II: BUSINESS AND COMMERCIAL KNOWLEDGE

AN

SW

ER

S

61	(d)	62	(a)	63	(b)	64	(a)	65	(c)
66	(d)	67	(b)	68	(d)	69	(a)	70	(c)
71	(c)	72	(b)	73	(d)	74	(b)	75	(a)
76	(b)	77	(c)	78	(b)	79	(c)	80	(b)
81	(d)	82	(c)	83	(d)	84	(d)	85	(d)
86	(d)	87	(c)	88	(c)	89	(a)	90	(a)
91	(d)	92	(a)	93	(a)	94	(a)	95	(c)
96	(c)	97	(c)	98	(d)	99	(c)	100	(a)



Test Series: November, 2023

MOCK TEST PAPER 1
FOUNDATION COURSE

PAPER 4: BUSINESS ECONOMICS AND BUSINESS AND COMMERCIAL KNOWLEDGE

PART- I: BUSINESS ECONOMICS

QUESTIONS

1. Price discrimination will be profitable only if the elasticity of demand in different markets in which the total market has been divided is:
 - (a) uniform
 - (b) different
 - (c) less
 - (d) zero
2. An example of positive economic analysis would be:
 - (a) an analysis of the relationship between the price of food and quantity purchased
 - (b) determining how much income each person should be granted
 - (c) determining the fair price for food
 - (d) deciding how to distribute the output of the economy
3. The kinked demand curve model of oligopoly assumes that:
 - (a) Response to a price increase is less than the response to a price decrease
 - (b) Response to a price increase is more than the response to a price decrease
 - (c) Elasticity of demand is constant regardless of whether price increases or decreases
 - (d) Elasticity of demand is perfectly elastic if price increases and perfectly inelastic if price decreases
4. The Cobb-Douglas homogeneous production function given as: $Q = L^{1/2} K^{1/2}$ exhibits:
 - (a) Constant returns to scale
 - (b) Decreasing returns to scale
 - (c) Increasing returns to scale
 - (d) All of the above at various level of output
5. Business cycle emerge in _____.
 - (a) Socialist economy
 - (b) Free market economy
 - (c) Mixed economic system
 - (d) None of the above



6. With fall in price of commodity, demand of the commodity increases as it becomes relatively cheaper in comparison to other commodities. This effect is known as:
 - (a) Substitution Effect
 - (b) Income Effect
 - (c) Law of Demand
 - (d) Law of diminishing Returns
7. Normal Profits earned by a firm are included in:
 - (a) Implicit cost
 - (b) Explicit cost
 - (c) Fixed cost
 - (d) Variable cost
8. In the short run, total cost curve starts from:
 - (a) Origin
 - (b) Positive vertical intercept
 - (c) Positive horizontal intercept
 - (d) None of these
9. If a resource can be put only to a particular use, then opportunity cost is:
 - (a) Applicable and quantifiable
 - (b) Applicable but not quantifiable
 - (c) Not applicable at all
 - (d) None of these
10. Demand curve in case of Monopolistic competition is more elastic as compared to demand curve under Monopoly due to:
 - (a) Huge Selling Costs
 - (b) Freedom of Entry and Exit
 - (c) Presence of Close Substitutes
 - (d) Large Number of Firms
11. Scarcity definition of Economics is given by:
 - (a) Adam Smith
 - (b) Robinson
 - (c) Samuelson
 - (d) Alfred Marshall
12. Demonstration effect a term coined by:



- (a) James Dusenbery
(b) Milton
(c) Kuznets
(d) Hicks
13. The Substitution effect will be stronger when -
(a) The goods are closer Substitutes
(b) There is lower cost of switching to the Substitute goods
(c) There is lower inconvenience while switching to the Substitute goods
(d) All the above
14. The objective of advertisement and all other sales promotion activities by any firm is to :
(a) Shift the demand curve to the right.
(b) Shift the demand curve to the left
(c) will not influence the demand curve
(d) None of these
15. A rise in price of a good _____ consumer Surplus.
(a) Increases
(b) Decreases
(c) Remain constant.
(d) None of these
16. If the firms are not working to full capacity the supply will be:
(a) inelastic
(b) elastic
(c) constant
(d) None of these
17. At higher prices people demand more of certain goods not for their worth but for their prestige value, this is called:
(a) Veblen effect
(b) Giffen Paradox
(c) Speculative effect
(d) None of these
18. Which is not a characteristic of land:
(a) land is a passive factor



- (b) It is immobile
(c) It is heterogenous
(d) All the above
19. The negatively sloped part of the long run average total cost is due to which of the following:
(a) Diminishing return
(b) Diseconomies of scale
(c) the difficulties encountered in coordinating the many activities of a large firm.
(d) The increase in productivity that results from Specialization
20. Law of Production does not include:
(a) least cost combination of factors
(b) return to Scale
(c) law of diminishing returns to a factor
(d) Law of variable proportion
21. Example of Third-Degree Price Discrimination:
(a) Dumping
(b) charging different prices for domestic and commercial uses
(c) lower prices in railways for senior citizen
(d) All of the above
22. The market structure in which many firms sell products that are similar but not identical is known as:
(a) Oligopoly
(b) Monopoly
(c) Monopolistic Competition
(d) None of these
23. Lagging Indicators are:
(a) unemployment
(b) Corporate Profits
(c) Interest rate
(d) All of the above
24. Internal causes of business cycle:
(a) Money Supply
(b) Psychological factors
(c) Macroeconomic Policies



- (d) All of the above
25. Factors affecting demand for Non-Durable Consumer goods:
- (a) Disposable Income
 - (b) Price
 - (c) Demography
 - (d) All of the above
26. Which is the statistical method of demand forecasting:
- (a) Trend Projection Method
 - (b) Expert Opinion Method
 - (c) Collective opinion method
 - (d) None of these
27. In Monopoly entry of new firms:
- (a) is restricted at all the times
 - (b) is possible only in the long run
 - (c) is possible in the short run
 - (d) Both (b) and (c)
28. Theory of Group Behavior is related to:
- (a) Monopoly
 - (b) Monopolistic Competition
 - (c) Oligopoly
 - (d) Perfect Competition
29. Allocation of resources is dealt in:
- (a) Macro Economic
 - (b) Microeconomics
 - (c) Public Finance
 - (d) None of these
30. U Shaped Cost Curve is never represented as :
- (a) Average Fixed Cost Curve
 - (b) Marginal Cost Curve
 - (c) Average Cost Curve
 - (d) Average Variable Cost Curve
31. The budget line is also known as :



- (a) Production Possibility Curve
(b) Consumption Possibility Curve
(c) Iso Utility Curve
(d) None of these
32. All Giffen goods are:
(a) Inferior goods
(b) Non Inferior goods
(c) Normal Goods
(d) None of these
33. The study of demand and supply model is useful in explaining
(a) How government works
(b) How markets work
(c) How consumers behave
(d) None of these
34. is concerned with welfare proposition.
(a) Normative Economics
(b) Positive Economics
(c) Both (a) and (b)
(d) None of these
35. Excess capacity is not found under _____
(a) Monopoly
(b) Monopolistic competition
(c) Perfect competition.
(d) Oligopoly
36. The regulatory mechanism of the market system is-
(a) Self interest
(b) Private property
(c) Competition
(d) Specialization
37. Nicholas Kaldor propounded _____
(a) Nocholas theory
(b) Kaldor Theory
(c) Cobweb theory



- (d) Cobb-douglas theory
38. During business cycles the opposite of a peak is _____ .
- (a) an inflation
 - (b) a hyperinflation
 - (c) a trend
 - (d) a trough
39. If the market demand curve for a commodity has a negative slope, then the market structure must be:
- (a) Perfect competition
 - (b) Monopoly
 - (c) Imperfect competition
 - (d) The market structure cannot be determined as the information is insufficient
40. What is 'price ceiling
- (a) Minimum price that can be charged for a good
 - (b) Maximum price that can be charged for a good
 - (c) Minimum support price
 - (d) Both (a) and (b)
41. Utility is a ____
- (a) Qualitative
 - (b) Quantitative
 - (c) Both (a) and (b)
 - (d) None of these
42. Huge selling costs are incurred in which form of market?
- (a) Monopolistic competition
 - (b) Perfect competition
 - (c) Monopoly
 - (d) None of these
43. Which one of the following is not an internal economies of scale?
- (a) Technical economies
 - (b) Financial economies
 - (c) Economies due to localization of industries
 - (d) Marketing economies
44. In Monopoly Cross elasticity of Product is:



- (a) Zero
(b) High
(c) Infinity
(d) None of these
45. The vertical difference between TVC and TC is equal to:
(a) Marginal Cost
(b) Average variable cost
(c) Total fixed Cost
(d) None of these.
46. A necessity is defined as a good having:
(a) A positive income elasticity of demand
(b) A negative income elasticity of demand
(c) An income elasticity of demand between zero and 1
(d) An income elasticity of more than 1.
47. In the long run, some firms will exit the market if the price of the good offered for sale is less than:
(a) marginal revenue.
(b) marginal cost.
(c) average total cost.
(d) average revenue
48. Coincident indicator is not indicated as:
(a) Inflation
(b) Industrial Production
(c) Retail Sales
(d) New order for Plant and equipment
49. An economic profit is earned by a perfectly competitive firm when:
(a) $MR < MC$
(b) $P < ATC$
(c) $P > AVC$
(d) $P > ATC$
50. With fall in price of commodity, demand of the commodity increases as it becomes relatively cheaper in comparison to other commodities. This effect is known as:
(a) Substitution Effect



- (b) Income Effect
 - (c) Law of Demand
 - (d) Law of diminishing Returns
51. Normal Profits earned by a firm are included in:
- (a) Implicit cost
 - (b) Explicit cost
 - (c) Fixed cost
 - (d) Variable cost
52. Goods are Perfect Complements when:
- (a) A consumer is interested in consuming only in fixed proportion
 - (b) The Indifference Curve will consist of two straight lines
 - (c) Both a and b are correct
 - (d) None of these
53. If the Price of both goods fell how the budget will be affected:
- (a) The Budget line would not shift.
 - (b) The Budget line must be shifting to the left.
 - (c) The new budget line must be parallel to the old budget line.
 - (d) The new budget line will have the same slope as the original so long as the price of both goods changes in the same proportion.
54. Agricultural goods market depict characteristic close to:
- (a) Oligopoly
 - (b) Monopoly
 - (c) Perfect Competition
 - (d) Monopolistic Competition
55. Time element was conceived by:
- (a) Pigou
 - (b) Adam Smith
 - (c) Alfred Marshall
 - (d) Robinson
56. The efficient scale of production is the quantity of output that minimizes:
- (a) Average variable cost
 - (b) Average fixed cost
 - (c) Average total cost



- (d) None of these
57. The Indian Government imposed heavy taxes on commodity to reduce its consumption by the public. Such heavy taxes will decrease the demand of the commodity only when:
- (a) $ed = 0$
 - (b) $ed > 1$
 - (c) $Ed < 1$
 - (d) $ed = 1$
58. The income elasticity of demand for inferior good is :
- (a) Infinite
 - (b) Positive
 - (c) Zero
 - (d) Negative
59. Marginal Cost is closely related to:
- (a) Opportunity Cost
 - (b) Variable Cost
 - (c) Economic Cost
 - (d) None of these
60. Average Revenue Curve is also known as:
- (a) Average Cost Curve
 - (b) Indifference Curve
 - (c) Demand Curve
 - (d) None of these

PAPER – 4 PART II: BUSINESS AND COMMERCIAL KNOWLEDGE

QUESTIONS

Max. Marks: 40

61. Which of the following is not an economic objective of business?
- (a) Responsibility towards suppliers
 - (b) Efficiency
 - (c) Sales
 - (d) Return on investment
62. PESTLE analysis is a component of which of the following environment?
- (a) Internal Environment
 - (b) Competitive Environment
 - (c) Micro Environment



- (d) Macro Environment
63. Life blood of business is _____
- (a) Deposit
 - (b) Deal
 - (c) Finance
 - (d) Invest
64. Which is the first development bank?
- (a) ICICI
 - (b) IDBI
 - (c) IFCI
 - (d) NABARD
65. Selling portion of government ownership to private individuals -
- (a) Delegation
 - (b) Deregulation
 - (c) Disinvestment
 - (d) Displacement
66. MRTP Act comes under -
- (a) Protective
 - (b) Regulatory
 - (c) Restrictive
 - (d) Development
67. Business to consumer market is a _____
- (a) Wholesale market
 - (b) Retail market
 - (c) Regulator market
 - (d) Unregulated market
68. Bridge financing is also known as:
- (a) Base-finance
 - (b) E-finance
 - (c) Gap financing
 - (d) Mortgage financing
69. Save money, live better is the slogan of -
- (a) Nestle
 - (b) Amazon
 - (c) Walmart
 - (d) Reliance



70. Which one of the following is usually not included in a company overview?
- (a) Vision
 - (b) Competitive scenario
 - (c) Market position
 - (d) Paid up capital
71. Find out the incorrect statement:
- (a) Economic activities are income generating activities
 - (b) Economic activities are productive activities
 - (c) Consumption is not an economic activity
 - (d) Non-banking financial companies' operations are economic activities
72. Code of Conduct is an aspect of which form of occupation?
- (a) Employment
 - (b) Entrepreneurship
 - (c) Business
 - (d) Profession
73. RBI's role does not include-
- (a) Friend, Philosopher and Guide to Government
 - (b) Maintain financial books of accounts of the Government
 - (c) Regulate inflation
 - (d) Guide all commercial banks
74. 'Limit order' is
- (a) An order to buy or sell a share at a higher price
 - (b) An order to buy or sell a share at a lower price
 - (c) An order to buy or sell a share at a specified price
 - (d) An order to buy or sell a share at prevailing price
75. Financial analysts are also called among which of the following?
- (a) Management consultants
 - (b) Mutual fund analysts
 - (c) Financial guru
 - (d) Security analysts
76. Prohibition of crackers in Delhi by the state government is a type of?
- (a) Protective
 - (b) Regulatory
 - (c) Restrictive
 - (d) Facilitating



77. Which one of the following is requested to obtain certificate of commencement of business in addition to certificate of incorporation?
- (a) Private Limited Company
 - (b) Hindu Undivided Family
 - (c) Public Limited Company
 - (d) One Person Company
78. The rate at which bank borrow money from RBI (Reserve Bank of India) against pledging is known.
- (a) Repo rate
 - (b) Reverse repo rate
 - (c) Bankrate
 - (d) Discount rate
79. Nomadic humans bringing their hunt and getting rice in return can be called as?
- (a) Non-economic activity
 - (b) Sustainable practice of trade
 - (c) Social entrepreneurship
 - (d) Economic activity
80. The event of conducting commonwealth games in India is an example of the following element of macro environment:
- (a) Political-legal environment
 - (b) Socio-cultural environment
 - (c) Technological environment
 - (d) Global environment
81. Attitude that inclined a customer either to return to a shop or outlet to purchase there again or to repurchase a particular product.
- (a) Customers need
 - (b) Customer demand
 - (c) Customer satisfaction
 - (d) Customer loyalty
82. Kumar & Sons has business presence in India, Bangladesh, Nepal and Bhutan. It can be termed as-
- (a) Binational
 - (b) Multinational
 - (c) Local
 - (d) Domestic
83. Environmental analysis helps in except-
- (a) Anticipate opportunities and to take optimum responses



- (b) Turning threats to firm's advantages
 - (c) Providing input for strategic decision making
 - (d) Avoiding competition
84. Identify the Swiss transnational food and drink company?
- (a) Larsen & Toubro
 - (b) Walmart
 - (c) Nestle
 - (d) Unilever
85. Land reforms made by "Akbar the Great" were introduced under the leadership of-
- (a) Birbal
 - (b) Todarmal
 - (c) Hizabal
 - (d) Jaidev
86. NABARD's refinancing is available to all the below except which of the following?
- (a) State cooperative banks
 - (b) Regional rural banks
 - (c) Commercial banks
 - (d) Private sector banks
87. The idea of being concerned with People, Profits and Planet is a concept under?
- (a) PESTLE
 - (b) SWOT
 - (c) Sustainable Development
 - (d) Triple Bottom Line
88. Type of privatization, where Government keeps hold of responsibility and private enterprise handles fully or partly the delivery of product and services through contract franchise, grant, etc., is known as:
- (a) Investment
 - (b) Disinvestment
 - (c) Displacement
 - (d) Delegation
89. Tariff Advisory Committee is a part of?
- (a) RBI
 - (b) IRDAI
 - (c) SEBI
 - (d) CCI
90. What is Hedge?
- (a) It is a statistical measurement of change in the economy.



- (b) It is strategy that is used to minimize the risk of a particular investment and maximize the returns of an investment.
- (c) It is trading platform.
- (d) It is a security which has a solid record of dividend payments.
91. Coal India is incorporated in -
- (a) 1977
- (b) 1976
- (c) 1975
- (d) 1974
92. Which one of the following is not a sectoral policy?
- (a) Agricultural Policy
- (b) Industrial Policy
- (c) Foreign Trade Policy
- (d) Fiscal Policy
93. Which of the following is not a component of internal environment?
- (a) Intermediary
- (b) Value system
- (c) Quality of Human Resources
- (d) Labour Unions
94. Who from the below helps a budding business to quickly launch a product and put it in the care connectively?
- (a) Freight forward
- (b) Financial consultant
- (c) Business incubator
- (d) Business accelerator
95. Which authority regulates and develops the Indian capital market and protects the interest of investors in the capital market?
- (a) National stock exchange (NSE)
- (b) SEBI
- (c) RBI
- (d) Bombay stock exchange
96. A token money given to establish an acceptance of buying especially in real estate deals is called-
- (a) E-Cash
- (b) Earnest money deposit
- (c) Fixed deposit
- (d) Concurrent depository receipt



97. Which of the following is incorrect?
- Events lead to trends
 - Trends lead to events
 - Issues raise expectations
 - Expectations are opportunities
98. Which of the following elected by shareholders in organization?
- Owners
 - Board of Directors
 - Employees
 - Directors
99. Perpetual succession benefit is enjoyed by?
- HUF
 - Company
 - LLP
 - Both Company and LLP
100. X-Mart stocks goods from various sellers in its huge store and charges money to advertise/sell specific products. What can X-Mart be termed as?
- Market Share
 - Aids to Trade
 - Suppliers
 - Intermediary

Test Series: November, 2023

MOCK TEST PAPER 1

FOUNDATION COURSE

PAPER 4: BUSINESS ECONOMICS AND BUSINESS AND COMMERCIAL KNOWLEDGE

PART - I: BUSINESS ECONOMICS

ANSWERS

Answer Key

1	(b)	11	(b)	21	(d)	31	(b)	41	(c)	51	(a)
2	(a)	12	(a)	22	(c)	32	(a)	42	(a)	52	(c)
3	(a)	13	(d)	23	(d)	33	(b)	43	(c)	53	(d)
4	(a)	14	(a)	24	(d)	34	(a)	44	(a)	54	(c)
5	(b)	15	(a)	25	(d)	35	(c)	45	(c)	55	(c)



6	(a)	16	(b)	26	(a)	36	(c)	46	(c)	56	(c)
7	(a)	17	(a)	27	(a)	37	(c)	47	(c)	57	(b)
8	(b)	18	(d)	28	(c)	38	(d)	48	(d)	58	(d)
9	(c)	19	(d)	29	(b)	39	(d)	49	(d)	59	(b)

10	(c)	20	(a)	30	(a)	40	(b)	50	(a)	60	(c)
----	-----	----	-----	----	-----	----	-----	----	-----	----	-----

PART II: BUSINESS AND COMMERCIAL KNOWLEDGE

ANSWERS

61	62	63	64	65	66	67	68	69	70
(a)	(d)	(c)	(c)	(c)	(c)	(b)	(c)	(c)	(d)
71	72	73	74	75	76		78	79	80
(c)	(d)	(b)	(c)	(d)	(c)	(c)	(a)	(d)	(d)
81	82	83	84	85	86	87	88	89	90
(d)	(b)	(d)	(c)	(b)	(d)	(d)	(d)	(b)	(b)
91	92	93	94	95	96	97	98	99	100
(c)	(d)	(a)	(d)	(b)	(b)	(b)	(b)	(d)	(d)



ABOUT OUR FACULTY



Niraj Agarwal is a Chartered Accountant, Company Secretary, Cost & Management Accountant. He is an All India Rank Holder in all the 3 courses. He has graduated from St. Xavier's College, Kolkata and holds a Master's degree in Commerce too. He believes that learning is a continuous process and hence he is also a ICAI certified IFRS professional, an Associate from Insurance Institute of India and completed 5 papers of Actuarial Science. He is also a visiting Faculty at ICAS, Kolkata

WHAT DO WE OFFER?



All concepts taught with total clarity



Multiple Mock Tests with evaluation



Personal Mentoring & doubt solving



Unlimited views on backup classes

**72, Girish Park(North), 1st Floor
Above Amit Agarwal Blind School,
Kolkata 700 006**

