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TEST-5

QUESTION BOOKLET CODE: MKG

QUESTION PAPER BOOKLET NO. 5112022

ROLL NO. 541287

CA FOUNDATION

(13-11-2022 3:00 P.M. TO 5:00 P.M.)

Business Economics and Business and Commercial Knowledge

FULL SYLLABUS

Time allowed: 2 hours

Maximum Marks: 100

Instructions:

1. Answer to be given in OMR sheet
2. Negative Marking Applies

Q-1. At the point of producer's equilibrium, isoquant curve _____ iso cost curve.

- (a) Tangent
- (b) Intersects
- (c) Both above
- (d) None of the above

Q-2. Economy of scale occurs when LRAC and LRMC are

- (a) Rising
- (b) Falling
- (c) Maximum
- (d) Minimum

Q-3. Supply curve of labour is of what shape?

- (a) Parallel to Y axis
- (b) Parallel to X axis

- (c) Backward Bending to left
- (d) Upward sloping

Q-4. Which is not the assumption of the law of variable proportion as proposed by professor Paul A. Samuelson?

- (a) Technology unaltered
- (b) Factor ratio unaltered
- (c) All units of variable factors are homogeneous
- (d) Only relation between input and output is studied

Q-5. All the point of inflexion, the value of MP is

- (a) Maximum
- (b) Zero
- (c) Negative
- (d) Rising

Q-6. Which one is not the reason for increasing returns to variable factor?

- (a) Indivisibility of fixed factors
- (b) Imperfect substitutability between factors
- (c) Division of labour and specialization
- (d) Volume Discounts

Q-7. Which one is the reason for diminishing returns to variable factor?

- (a) Indivisibility of fixed factors
- (b) Imperfect substitutability between factors
- (c) Division of labour and specialization
- (d) Volume Discounts

Q-8. Which one is the reason for negative returns to variable factor?

- (a) Volume discounts
- (b) Indivisibility of fixed factors
- (c) Division of labour and specialization
- (d) Too excessive quantity of variable factors

Q-9. The shape of isoquant curve is

- (a) Downward linear
- (b) Downward curvilinear
- (c) Parallel to X axis
- (d) Parallel to Y axis

Q-10. The shape of iso cost curve is

- (a) Downward linear
- (b) Downward curvilinear
- (c) Parallel to X axis
- (d) Parallel to Y axis

Q-11. When LRAC is rising, this situation is termed as

- (a) Economy of scale
- (b) Diseconomy of scale
- (c) Maximum Efficient scale
- (d) All of the above

- Q-12. Which is not internal economy of scale
- (a) Technical economies
 - (b) Financial economies
 - (c) Skilled labour economies
 - (d) Commercial economies
- Q-13. Metro train is what kind of utility?
- (a) Form utility
 - (b) Place utility
 - (c) Time utility
 - (d) Personal utility
- Q-14. Warehouse keeper depicts what kind of utility?
- (a) Form utility
 - (b) Place utility
 - (c) Time utility
 - (d) Personal utility
- Q-15. Perishable factor of production is the characteristic of which factor of production?
- (a) Entrepreneur
 - (b) Capital
 - (c) Labour
 - (d) Land
- Q-16. Original means of production is alternatively called
- (a) Natural factors
 - (b) Human capital
 - (c) Wealth
 - (d) Man made capital factors
- Q-17. Which type of capital can be used in production process in the form of collective ownership?
- (a) Social capital
 - (b) Human capital
 - (c) Circulating capital
 - (d) Tangible capital
- Q-18. What is the last stage in the process of capital formation?
- (a) Saving
 - (b) Investment
 - (c) Mobilization of savings
 - (d) wealth
- Q-19. The supply curve of land for nation is of ----- shape and for household shape.
- (a) Parallel to X axis, parallel to Y axis
 - (b) Downward sloping, upward sloping
 - (c) Upward sloping, downward sloping
 - (d) Parallel to Y axis, parallel to X axis
- Q-20. When there is increasing returns to variable factor, AVC is
- (a) Rising
 - (b) Falling
 - (c) Maximum
 - (d) Minimum

- Q-21. Short run average cost curve is alternatively known as
- (a) Planning curve
 - (b) Plant curve
 - (c) Continuous curve
 - (d) Envelope curve
- Q-22. Minimum part of SAC is tangent to _____ part of LRAC.
- (a) Rising
 - (b) Falling
 - (c) Minimum
 - (d) Maximum
- Q-23. LRAC is “U” shape in nature because of
- (a) The law of returns to scale
 - (b) The law of variable proportions
 - (c) The law of production function
 - (d) The law of economy of scale
- Q-24. When ATC rises, this stage is called by what name?
- (a) Increasing returns
 - (b) Diminishing returns
 - (c) Negative returns
 - (d) Diminishing returns to scale
- Q-25. When LRMC rises, this stage is called by what name?
- (a) Diminishing returns to scale
 - (b) Increasing returns to scale
 - (c) Constant returns to scale
 - (d) Increasing returns
- Q-26. The vertical gap between ATC and AVC is
- (a) TFC
 - (b) TVC
 - (c) TC
 - (d) AFC
- Q-27. When there is change in total cost, this change is because of.....
- (a) TVC
 - (b) TFC
 - (c) TC
 - (d) MC
- Q-28. Select the odd one
- (a) Economy of scale
 - (b) Increasing returns
 - (c) Maximum Efficient Scale
 - (d) Diseconomy of scale
- Q-29. Select the odd one
- (a) Variable cost
 - (b) Prime cost
 - (c) Direct cost
 - (d) Overhead cost

- Q-30. The costs which are recorded in books of accounts are called by what name?
- (a) Accounting cost
 - (b) Exploit cost
 - (c) Outlay cost
 - (d) Implicit cost
- Q-31. The cost which is actual expenditure incurred by a firm to purchase or hire the inputs from outside the firm which it needs in the production process is known as
- (a) Explicit cost
 - (b) Accounting cost
 - (c) Economic cost
 - (d) Implicit cost
- Q-32. The cost of inputs owned by the firm and used by the firm in its own production process is called
- (a) Explicit cost
 - (b) Accounting cost
 - (c) Economic cost
 - (d) Implicit cost
- Q-33. The AC and AVC cannot be equated to each other because _____ would not be zero at all.
- (a) TC
 - (b) MC
 - (c) TFC
 - (d) AFC
- Q-34. The payments and charges paid by the entrepreneur to the suppliers of various productive factors are called
- (a) Economic cost
 - (b) Outlay cost
 - (c) Accounting cost
 - (d) Opportunity cost
- Q-35. You have three job offers in your hand viz. 18 lacs p.a., 8 lacs p.a., 20 lacs p.a. ,you took third one, now what would be your opportunity cost?
- (a) 18 lacs p.a.
 - (b) 2 lacs p.a.
 - (c) 5 lacs p.a.
 - (d) 20 lacs p.a.
- Q-36. The cost which can be computed per head or per piece is called
- (a) Direct cost
 - (b) Indirect cost
 - (c) Explicit cost
 - (d) Implicit cost

Q-37 Which of the following is not fixed cost?

- (a) Rent
- (b) Transportation cost
- (c) Insurance Premium
- (d) Property Tax

Q-38 Which of the following is not variable cost?

- (a) Cost of raw materials
- (b) Electricity Bill
- (c) Salary of casual staff
- (d) Normal Profit

Q-39 The shape of modern LAC curve is

- (a) "L" Shape
- (b) "U" Shape
- (c) "S" Shape
- (d) Parallel to "X" axis

Q-40. The term "Economics has been derived from Greek word which in general language means

- (a) Firm management
- (b) Government management
- (c) Household management
- (d) International management

Q-41. Select the odd one:

- (a) Price Theory
- (b) Value Theory
- (c) Micro Theory
- (d) Employment Theory

Q-42. Select the odd one

- (a) Macro economics
- (b) Price Theory
- (c) Income Theory
- (d) Employment Theory

Q-43. If you study production of an industry, it is subject matter of

- (a) Positive Economics
- (b) Macro Economics
- (c) Micro Economics
- (d) Normative Economics

Q-44. If you study production of Tata industry, it is subject matter of

- (a) Positive Economics
- (b) Macro Economics
- (c) Micro Economics

(d) Normative Economics

Q-45. The economics which describes a situation as “what is”, is known as

- (a) Micro Economics
- (b) Normative Economics
- (c) Macro Economics
- (d) Positive Economics

Q-46. The economics which describes a situation as “what ought to be” is known as

- (a) Micro Economics
- (b) Normative Economics
- (c) Macro Economics
- (d) Positive Economics

Q-47. The economics which studies individual aspect of a situation, is known as

- (a) Micro Economics
- (b) Normative Economics
- (c) Macro Economics
- (d) Positive Economics

Q-48. The economics which studies aggregate aspect of a situation, is known as

- (a) Micro Economics
- (b) Normative Economics
- (c) Macro Economics
- (d) Positive Economics

Q-49. The economics in which reasoning proceeds from general to particular, is known as

- (a) Positive economics
- (b) Normative economics
- (c) Deductive Method
- (d) Inductive Method

Q-50. The economics in which reasoning proceeds from particular to general, is known as

- (a) Positive economics
- (b) Normative economics
- (c) Deductive Method
- (d) Inductive Method

Q-51 Which central problem studies technique of production to be used in an economy?

- (a) How to produce?
- (b) For whom to produce?
- (c) What to produce?
- (d) All of the above

Q-52 Which central problem is associated with distribution of income in an economy?

- (a) How to produce?
- (b) For whom to produce?

- (c) What to produce?
- (d) All of the above

Q-53. Which central problem is concerned with what goods and what quantities to be manufactured in an economy?

- (a) How to produce?
- (b) For whom to produce?
- (c) What to produce?
- (d) All of the above

Q-54. The production of what kind of goods would result in higher production and economic growth in future?

- (a) Consumer Goods
- (b) Consumer Services
- (c) Capital Goods
- (d) Military Goods

Q-55. The value of price elasticity of demand at quantity axis of the demand curve is equal to

- (a) infinity
- (b) more than unit
- (c) less than unit
- (d) zero

Q-56. Which of the following could provide an example of exceptional demand curves?

- (a) Demand for "Giffen goods"
- (b) Demand based on good advertisement of a product
- (c) Demand for second hand clothes
- (d) Demand for daily newspapers

Q-57. An exceptional demand curve is one that slopes:

- (a) Upwards to the right
- (b) Downwards to the right
- (c) Upwards to the left
- (d) Horizontally

Q-58. Expansion and contraction in demand are caused by

- (a) Change in price of a commodity.
- (b) Change in income.
- (c) Change in price of related goods.
- (d) Change in population.

Q-59. Shift in demand curve is associated with:

- (a) Increase in demand
- (b) Decrease in demand
- (c) Extension of demand
- (d) A and B

Q.60. Which is not an exception to the law of demand?

- (a) Giffen goods
- (b) Emergency goods
- (c) Inferior goods
- (d) Conspicuous goods

Q.61 Which apex body of regulation oversees the governance of LLP?

- (a) RBI
- (b) Ministry of Commerce and Industry
- (c) Ministry of Corporate Affairs
- (d) Ministry of Micro, Small and Medium Enterprises

Q.62 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) Designed Partners
- (d) Hybrid Form of Business Organisation

Q.63 Which of the following statements can not 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

Q.64 Dormant or Defunct 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

Q.65 Which of the following is incorrect?

- (a) Private Company has minimum 2 and maximum 200 members
- (b) Public company has minimum 7 members and maximum no limit
- (c) Private company shares are freely tradable on stock exchange
- (d) Companies Act 2013 provides that there may be constitution of One Person Company

Q.66 Which of the following is incorrect in reference to Partnership?

- (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

Q.67 In which form of business do the owners have obligations to pay off liabilities from personal wealth as well if the business money and assets are not enough?

- a) Private Company
- b) Public Company
- c) HUF
- d) LLP

Q.68 Trends relate to:

- (a) Happening of events in internal environment

- (b) Grouping of similar or related events
- (c) Demands made by invested group
- (d) None of the above

Q.69 Which of the following is not a factor of Demographic Environment?

- (a) Ethnic Mix
- (b) Legal
- (c) Population size
- (d) Geographic distribution

Q.70 _____ is the process by which organizations monitor their relevant environment to identify opportunities and threats affecting their business for the purpose of taking strategic decisions.

- (a) Forecasting
- (b) Assessment
- (c) Scanning
- (d) None of the above

Q.71 The following statement relates to which strategic response approach to the environment.

They seek to monitor the changes in that environment, analyse their impact on their own goals and activities and translate their assessment in terms of specific strategies for survival, stability and strength.

- (a) Proceed with caution
- (b) Least resistance
- (c) Dynamic response
- (d) Static response

Q.72 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

Q.73 Through SWOT analysis:

- (a) Strengths and weakness existing within the environment can be matched with opportunities and threats in the organisation.
- (b) Strengths and weakness existing outside the organisation can be matched with opportunities and threats with the internal environment
- (c) Strengths and weakness existing outside the organisation can be matched with opportunities and threats with the external environment
- (d) Strengths and weakness existing within an organisation can be matched with opportunities and threats in the environment.

Q.74 Match the following:

Companies	Product
Microsoft	Coffee
Bajaj	Windows
Nestle	Cute Car

Jio	Mobile Phone
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- (a) Microsoft-Activa, Bajaj-Windows, Nestle-Coffee, Jio-Mobile Phone service
- (b) Microsoft-Windows, Bajaj-Cute Car, 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

Q.75 Which of the following is incorrect about SBI?

- (a) SBI was originally Imperial bank of India
- (b) It became SBI in 1955
- (c) It was nationalised along with 14 commercial bank
- (d) 5 associated banks and Mahila bank was merged with SBI on April 1, 2017

Q.76 Which one of the following is not a Foreign Company?

- (a) Dr. Reddy's Laboratories Ltd.
- (b) Walmart
- (c) Nestle
- (d) HP

Q.77 Goldman Sachs is majorly involved in which business?

- (a) Retail Banking
- (b) Customer Services
- (c) Investment Banking
- (d) E- Commerce

Q.78 Amazon started its operations in India in which year?

- (a) 2012-2013
- (b) 2002-2003
- (c) 1999-2000
- (d) 2014-2015

Q.79 After independence, India followed a:

- (a) Socialistic Path of Development
- (b) Commonwealth Model of Growth
- (c) Mixed Economic Path
- (d) Capitalistic Model of Development

Q.80 Hyundai India Limited came to India through the FDI route. It followed the path of:

- (a) Disinvestment in Public Sector Unit
- (b) Joint Venture
- (c) By creating a 100% Indian subsidiary
- (d) Replacement of a government sector business

Q.81 Government policies are of four types:

- (a) Restrictive, Regulative, Protective, Facilitative
- (b) Restrictive, Regulative, Participative, Restrictive
- (c) Voluntarily, Participative, Regulative, Restrictive
- (d) Regulative, Voluntarily, Facilitative, Restrictive

Q.82 BRICS is an economic organisation comprising:

- (a) Brazil, Russia, India, China, South Korea
- (b) Brazil, Russia, India, China, South Africa
- (c) Bangladesh, Russia, India, China, South Korea
- (d) Bhutan, Russia, India, China, South Africa

Q.83 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

Q.84 Which of the following is incorrect?

- (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

Q.85 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

Q.86 Where is the headquarter of NABARD?

- (a) Mumbai
- (b) Delhi
- (c) Gurugram
- (d) Bengaluru

Q.87 Large number of SHGs has been linked to credit, resulting in an important Indian tool for microfinance, by the endeavour of:

- (a) NABARD
- (b) SIDBI
- (c) IDBI
- (d) SEBI

Q.88 The regional office of SEBI is not located in:

- (a) Chennai
- (b) Kolkata
- (c) Chandigarh
- (d) Ahmedabad

Q.89 SEBI has its Western Regional Office in:

- (a) Pune
- (b) Mumbai
- (c) Ahmedabad
- (d) Surat

Q.90 'Personal selling' is done through:

- a) Written communication

- b) Oral communication
- c) TV and media
- d) Sign language

Q.91 What is price sensitivity?

- (a) The effect a change in price will have on customer.
- (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 supplier market
- (d) It measures the responsiveness of a change in demand for a product following a change in its own price

Q.92 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

Q.93 Carrying forward of transaction from one settlement period to the next without affecting delivery or payment is called _____

- (a) Badia
- (b) Beta
- (c) Blue chips
- (d) Basket trading

Q.94 Bid is the opposite of

- (a) Ask/offer
- (b) Call
- (c) Equity
- (d) None of the above

Q.95 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

Q.96 Which of the following statements are true?

- (a) Brand equity refers to the value of a brand
- (b) Brand equity is based on the extent to which the brand has high loyalty, name awareness, perceived quality and strong product associations
- (c) Brand equity includes other “intangible” assets such as patents, trademarks and relationships
- (d) All of the above

Q.97 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

Q.98 _____ is the process of estimating future demand by anticipating what buyers are likely to do under a given set of marketing conditions:

- (a) Cross marketing
- (b) Forecasting
- (c) Market development
- (d) Internal marketing

Q.99 The exploitation of comparatively small market segments by businesses that decide to concentrate their efforts is called:

- (a) Niche marketing
- (b) Mass marketing
- (c) Market segmentation
- (d) Market positioning

Q.100 What are mutual funds?

- (a) A pool of money managed by experts by investing in stocks, bonds and other securities with the objective of improving their savings.
- (b) A number of shares which are less than or greater than but not equal to the board lot size
- (c) A company's first issue of shares to general public
- (d) None of the above

SPACE FOR ROUGH WORK