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TEST-4

QUESTION BOOKLET CODE: MKG

QUESTION PAPER BOOKLET NO. 4052022

ROLL NO.010522

CA FOUNDATION

(01-05-2022 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

-
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 function is a domestic framework
 - (c) High degree of operatic 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 those
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 change 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 Ed 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 lock down due to Covid 19 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 return 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 to 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 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) Constant 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) Inferior good and necessities
- (c) Necessaries and Luxuries
- (d) None of these

61. Marketing, Finance, Operations, Human Behaviour, law of 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
62. 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
63. 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) HDPC Bank Ltd.
64. Policy Context has a core motive behind it, which is ?
- (a) Economic Welfare
 - (b) GDP Growth
 - (c) Holistic Development
 - (d) Social Welfare
65. Which of the following is not a function of RBI?
- (a) Promotion of Banking
 - (b) Collection of Foreign Institutional Data
 - (c) Banker of Government
 - (d) Funding NABARD
66. Highest Price the buyer is willing to pay is called?
- (a) Bid
 - (b) Ask
 - (c) Badla
 - (d) Beta
67. 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

68. 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

69. 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.

70. Policy Formulation process is?

- (a) Uni-Directional
- (b) Bi-Directional
- (c) Multi-Directional
- (d) Single Point of Contact Oriented

71. Free and fair competition ensures all, except?

- (a) Punishing the laggards
- (b) Boosts fixed choice preferences of customers
- (c) Increase Efficiency
- (d) Encourages Innovation

72. Security whose price is derived from another underlying asset is called?

- (a) Derivative
- (b) Options
- (c) Forwards
- (d) futures

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 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 of conceptualized in form of:

- (a) Divestment
- (b) Disinvestment
- (c) Dedication
- (d) Displacement

77. Which 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. A HUF cannot comprise members of a:

- (a) Hindu & Sikh family
- (b) Jain family
- (c) Buddhist family

(d) Muslim family

80. 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

81. Indane LPG is the product of which corporation in India?

(a) IOCL

(b) NTPC

(c) ONGC

(d) PGCIL

82. Simplification of trade restrictions related to import is an example of:

(a) Globalization

(b) Privatization

(c) Disinvestment

(d) Aggregation

83. 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

84. _____ 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

85. 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

86. 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 Indian under the Partnership Act, 1932

87. Who is the present CEO and MD of Larsen and Toubro Ltd.?

(a) Keshab Pandey

(b) K R Krishanmurthy

(c) S N Subrahmanyam

(d) None of these

88. Which of the following statement 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.

89. Economic Reforms introduced in India in 1992 are called LPG that refers to

(a) Liquidation of loss-making units

(b) Popularize Public private partnership

(c) Good governance

(d) None of the above

90. 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

91. 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.

92. PESTLE refers to:

- (a) Politics, 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.

93. Which limited company has businesses in Hotels, FMCG and Information Technology?

- (a) Wipro Ltd.
- (b) HUL Ltd.
- (c) Infosys Ltd.
- (d) ITC Ltd.

94. 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 park.

95. 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

96. What is consolidation?

- (e) It is an expense that is supposed to reflect the loss in value of a fixed asset.
- (f) Combination of two or more entities that occurs when the entities transfer all their net assets to a new entity created for that purpose.
- (g) Potential liability arising from a past transaction or a subsequent event.
- (h) Costs that can be attributed clearly to the activity you are considering.

97. Who is the present chairman of Wipro Limited?

- (a) Azim Premji
- (b) Rishad Premji
- (c) Theierry Delaporte
- (d) (a) and (b)

98. Business and technology are:

- (a) Interrelated
- (b) Interdependent
- (c) Interrelated & Interdependent
- (d) None of the above

99. Self Help Groups are catered specifically by?

- (a) All development banks
- (b) SIDBI
- (c) RBI
- (d) NABARD

100. 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) FCI Policy
- (d) Industrial Policy

SPACE FOR ROUGH WORK