



Test I.D.: 00351

Course: CA Foundation

Paper: Eco – Consumer Behavior, Supply, Theory of Production

Marks: 40

Time Allowed: 1 Hour

Roll No: _____

All Questions are Compulsory.

1. Cardinal approach is related to
 - a) Indifference Curve
 - b) Equi marginal utility
 - c) Law of diminishing returns
 - d) None of these Answer

2. Supply is a _____ concept.
 - a) flow
 - b) stock
 - c) flow and stock, both
 - d) qualitative

3. Which economist said that money is the measuring rod of utility?
 - a) A.C Pigou
 - b) Marshall
 - c) Adam Smith
 - d) Robbins

4. An indifference curve is L shaped, then two goods will be:
 - (a) Perfect substitute goods
 - (b) Substitute goods
 - (c) Perfect complementary goods
 - (d) Complementary goods

5. The concept of consumer's surplus is derived from:
 - (a) The law of diminishing marginal utility.
 - (b) The law of equal-marginal utility
 - (c) The law of diminishing returns
 - (d) Engel's law

6. When supply curve shifts to the right there is:
 - (a) an increase
 - (b) expansion
 - (c) contraction
 - (d) decrease

- 7 When supply price increase in the short run, the profit of the producer
 (a) increases
 (b) decreases
 (c) remains constant
 (d) decreases marginally
- 8 According to the law of supply, change in supply is related to?
 (a) Price of goods
 (b) Price of related goods
 (c) Factors of production
 (d) None of the above
- 9 In case of inferior goods, with a rise in the income of consumers, demand for Giffen goods will ?
 (a) Increases
 (b) Decreases
 (c) No change
 (d) None of the above
- 10 When the price of a commodity rises from 200 to 300 and Quantity supply increases from 2000 to 5000 units, find the elasticity of supply?
 (a) 3.0
 (b) 2.5
 (c) 0.3
 (d) 3.5

11 From the following data given below answer question 20 and 21- Units

Units	TU	MU
1	200	
2	-	180
3	480	-

Total utility derived from 2nd unit?

- (a) 380
 (b) 20
 (c) 100
 (d) 280
- 12 Marginal utility of 3rd unit is?
 (a) 200
 (b) 280
 (c) 100
 (d) 50

13 Which Equation is correct-

- (a) $\frac{MU_x}{MU_y} = \frac{P_x}{P_y}$
 (b) $\frac{MU_x}{MU_y} > \frac{P_x}{P_y}$
 (c) $\frac{MU_x}{MU_y} < \frac{P_x}{P_y}$
 (d) $\frac{MU_x}{MU_y} \neq \frac{P_x}{P_y}$

- 14 Which of the following is not the property of the indifference curve?
(a) IC is convex to the origin
(b) IC slopes downwards from left to right
(c) Two IC can touch each other
(d) IC cannot touch either of the axes
- 15 An IC shows_____MRS between the commodity?
(a) Increasing
(b) Decreasing
(c) Constant
(d) Zero
- 16 Addition made to total utility refers to?
(a) Total utility
(b) Average utility
(c) Marginal utility
(d) All of the above.
- 17 The elasticity of supply is zero means?
(a) Perfectly inelastic
(b) Perfectly elastic
(c) Imperfectly elastic
(d) All of the above.
- 18 Which of the following statement is correct?
(a) Supply is inversely related to its cost of production
(b) Price and quantity demand of a good have a direct relationship
(c) Taxes and subsidy has no impact on the supply of the product
(d) Seasonal changes have no impact on the supply of the commodity
- 19 When the supply of a product is perfectly inelastic then the curve will be
(a) Parallel to Y-axis
(b) Parallel to X-axis
(c) At the angle of 45°
(d) Sloping upwards
- 20 Which of the following is/are the conditions of theory of consumer surplus if the price is same for all the units he purchased?
(a) The consumer gains extra utility or surplus
(b) Consumer surplus for the last commodity is zero
(c) Both
(d) None
- 21 Which of the following is not the property of an indifference curve?
(a) Slopes downwards to the right
(b) Always convex to the origin
(c) Intersects each other
(d) Will not touch either of the axes

- 22 Which of the following relation is true with MU?
(a) When MU is positive, Total utility rises at a diminishing rate
(b) When marginal utility is zero, total utility is maximum
(c) When marginal utility is negative, total utility is diminishing
(d) All of the above
- 23 Contraction of supply implies _____
(a) Decrease in cost of production
(b) Decrease in price of the good concerned
(c) Decrease in price of related good
(d) Increase in price of the good concerned
- 24 Supply is ___ concept.
(a) Flow
(b) Stock
(c) Both (a) and (b)
(d) None of the above
- 25 A vertical supply curve parallel to y axis implies the elasticity of supply is
(a) Zero
(b) Infinity
(c) Equal to one
(d) Greater than zero but less than infinity
- 26 The Quantity supplied of a goods or services is the amount that
(a) As actually bought during a given time period at given price.
(b) Producers wish, they could sell at higher price
(c) Producers plan to sell during a given time period at given price.
(d) People are willing to buy during a given their period at a given price.
- 27 An indifference curve slopes down towards right since more of one commodity and of another commodity result in
(a) Same level of satisfaction
(b) Maximum satisfaction
(c) Greater satisfaction
(d) Less satisfaction
- 28 What factor of production refers to the physical and natural resources used in the production process?
A. Labor
B. Capital
C. Land
D. Entrepreneur
- 29 Which factor of production involves the mental and physical efforts of individuals engaged in the production of goods and services?
A. Land
B. Labor
C. Capital
D. Entrepreneur

- 30 Capital, in the context of factors of production, refers to:
- A. Money
 - B. Buildings and machinery
 - C. Natural resources
 - D. Human skills
- 31 Who is considered the risk-taker and innovator in the factors of production?
- A. Land
 - B. Labor
 - C. Entrepreneur
 - D. Capital
- 32 The income earned by land as a factor of production is called:
- A. Wages
 - B. Rent
 - C. Interest
 - D. Profit
- 33 Which factor of production is associated with the opportunity cost of using money for investment purposes?
- A. Land
 - B. Labor
 - C. Capital
 - D. Entrepreneur
- 34 The reward for entrepreneurship is:
- A. Wages
 - B. Rent
 - C. Interest
 - D. Profit
- 35 If a farmer's field is considered in the production of wheat, which factor of production does it represent?
- A. Land
 - B. Labor
 - C. Capital
 - D. Entrepreneur
- 36 What type of capital is used for long-term investments in machinery, buildings, and equipment?
- A. Fixed capital
 - B. Circulating capital
 - C. Social capital
 - D. Mixed capital
- 37 Working capital, used for day-to-day operational expenses, is an example of:
- A. Fixed capital
 - B. Circulating capital
 - C. Social capital
 - D. Private capital

- 38 Capital contributed by individuals in a society for the common good and welfare is known as:
- A. Fixed capital
 - B. Circulating capital
 - C. Social capital
 - D. Mixed capital
- 39 When different types of capital are combined in a business, it is referred to as:
- A. Fixed capital
 - B. Circulating capital
 - C. Mixed capital
 - D. Private capital
- 40 Capital invested by individuals or corporations for private business purposes is called:
- A. Fixed capital
 - B. Circulating capital
 - C. Social capital
 - D. Private capital