

CA FOUNDATION

RTP SEP 2025
CA Foundation

Business Economics

One shot

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#Q. The introduction of the Goods and Services Tax (GST) in India primarily aimed to:

- A** Replace direct taxes with indirect taxes
- B** Unify various indirect taxes into a single system **B**
- C** Increase the tax burden on lower-income groups
- D** Eliminate the taxation of services

#Q. 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 D

#Q. Within the relevant range, isoquants

- A are negatively sloped
- B are convex to the origin
- C cannot cross
- D are all of the above



D

#Q. Which of the following is incorrect formula?

A $TC = AC \times Q$

B $\Sigma MC = TC$ ✓ (B)

C $\Sigma MC = TVC$

D $\Sigma MC + TFC = TC$

#Q. 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 D

the commodity whose price has fallen for other commodities which have now become relatively expensive. The result is that the total demand for the commodity whose price has fallen increases. This is called substitution effect. When the price falls, the substitution effect is always positive; i.e it will always cause more to be demanded. 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

1.	(b)	2.	(d)	3.	(d)	4.	(b)	5.	(a)
6.	(a)	7.	(b)	8.	(a)	9.	(a)	10.	(d)
11.	(d)	12.	(b)	13.	(c)	14.	(c)	15.	(b)
16.	(a)	17.	(b)	18.	(c)	19.	(c)	20.	(b)
21.	(b)	22.	(b)	23.	(b)	24.	(a)	25.	(a)

#Q. Price discrimination to be profitable elasticity of demand in different submarket will be _____

- ☒ A Different **A**
- ☐ B Uniform
- ☐ C Zero
- ☐ D None of these

#Q. 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

#Q. Full Capacity is utilized in the which market condition _____

- ☒ A Perfect Competition **A**
- ☐ B Monopoly
- ☐ C Oligopoly
- ☐ D None of these

#Q. 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



→ Boat → Planning Curve

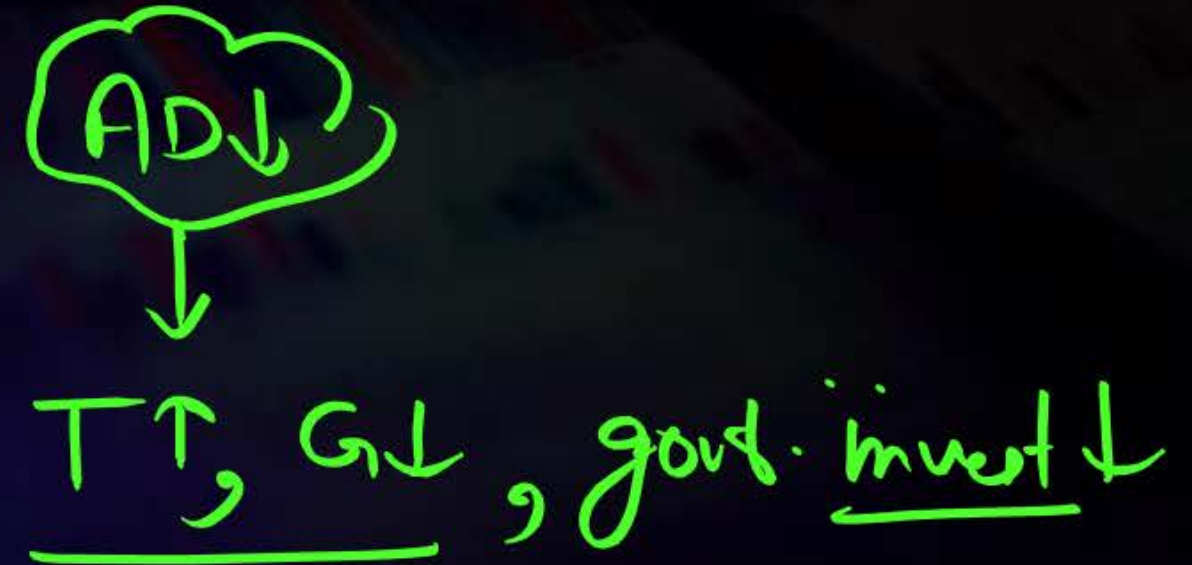
Plant curve

#Q. Coincident indicator is not indicated as:

- A** Inflation
- B** Industrial Production
- C** Retail Sales
- D** New order for Plant and equipment D

#Q. Which of the following is NOT typically used as a fiscal policy measure to control inflation?

- A Increasing government expenditure (A)
- B Raising taxes →
- C Reducing public sector investments
- D Increasing interest rates → $m^s \downarrow \rightarrow AD \downarrow$



#Q. In an economy, a change in the reserve ratio will directly affect the:

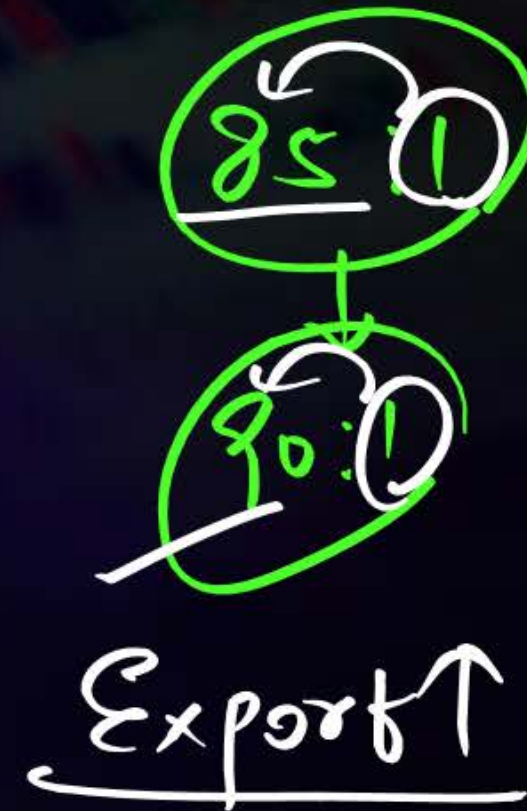
- ☐ A Level of interest rates in the market
- ☒ B Supply of money in circulation **B**
- ☐ C Demand for money at different income levels
- ☐ D Government's budgetary balance

#Q. Which of the following is NOT a key assumption of Ricardo's theory of comparative advantage?

- A** Two countries, each specializing in the good it can produce most efficiently, will both gain from trade
- B** Resources are immobile between countries but mobile within a country
- C** Trade occurs only due to differences in technology between countries C
- D** Both countries in trade can benefit even if one country is less efficient in producing both goods

#Q. If a country's currency is depreciating, it means that:

- A** The domestic currency is increasing in value relative to foreign currencies
- B** The country's exports will become more expensive to foreign buyers
- C** The country's exports become cheaper for foreign buyers, potentially boosting trade ☒
- D** The central bank is actively increasing the supply of money



#Q. Which of the following is a primary objective of India's Five-Year Plans?

- A** To regulate and control foreign trade
- B** To promote balanced economic growth across all regions ✓
- C** To discourage the private sector in favour of public enterprises
- D** To ensure foreign aid and capital inflows into the country

#Q. The current account deficit (CAD) in India refers to the excess of:

- A** Imports over exports $M > X$ **A**
- B** Exports over imports
- C** Total investment over savings
- D** Government expenditure over revenue

#Q. Which of the following is a primary objective of India's monetary policy?

- A** To reduce the overall level of taxation in the economy
- B** To control the money supply and curb inflation ✓ **B**
- C** To promote export-led growth through currency devaluation
- D** To ensure a balanced budget for the government

#Q. Which of the following refers to the study of the total or aggregate level of output, income, employment, consumption, investment, and prices for the economy viewed as a whole?

- A** Managerial economics
- B** Microeconomics X
- C** Macroeconomics [C]
- D** Econometrics

#Q. Firms in an industry that produces a differentiated product:

- A** are either monopolists or oligopolists
- B** are either monopolistically competitive or perfectly competitive
- C** are either monopolistically competitive or oligopolists ☒
- D** are either perfectly competitive or oligopolists

#Q. The concept of the "multiplier effect" in Keynesian economics refers to:

- A** The impact of interest rates on investment $\frac{\Delta y}{\Delta I}$
- B** The magnification of an initial change in spending throughout the economy $\frac{\Delta y}{\Delta G}$ $\frac{\Delta y}{\Delta T}$
- C** The impact of taxes on consumer spending
- D** The role of exports in economic growth

#Q. What is the primary method for calculating National Income using the income approach?

- A** Adding up all expenditures in the economy
- B** Summing up all factor incomes earned by households and firms **B**
- C** Measuring the value added at each stage of production
- D** Calculating the difference between exports and imports

#Q. Which of the following is considered a component of M1, the narrowest definition of money supply?

A Time deposits

B Currency in circulation CCI (B)

C Treasury bills

D Corporate bonds

#Q. Which of the following is included in M2, a broader measure of money supply compared to M1?

- A Currency in circulation
- B Savings deposits B
- C Demand deposits
- D Traveler's checks

#Q. Which of the following is a factor income?

- ☒ A Profits
- ☐ B Transfer payments
- ☐ C Subsidies
- ☐ D Indirect taxes

#Q. Which of the following is a common solution to the problem of common resources being overused?

- A** Government regulation ✓
- B** Privatization
- C** Subsidies
- D** Free-market competition



2 Mins. Summary



qs 2x1

**THANK
YOU**

