



**VIDYA SAGAR
CAREER INSTITUTE LTD.**

CA FOUNDATION

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Business Economics

A large, faint watermark logo is centered in the background. It consists of a light gray circle containing the letters 'VSI' in a bold, white, sans-serif font. The 'V' and 'S' are larger and more prominent than the 'I'. The logo is semi-transparent, allowing the red text of the title to be seen through it.

(3)
ZGH

1. Calculate the currency with the public from the under-mentioned data.

Circulation of rupee coins	₹ 25,550
Circulation of small coins	₹ 750
Notes in circulation	₹ 35,50,000
Cash on hands with banks	₹ 66,500

(A) ₹ 36,42,800

(B) ₹ 36,41,300

(C) ₹ 35,91,700

(D) ₹ 35,09,800

2

If the money supply increases by ₹ 750 crores, when there is an injection of ₹ 250 crores, through the open market operations by the central bank of the country. Calculate the money multiplier.

(A) 2.00

(B) 0.33

(C) 3.00

(D) 0.50

$$M = \frac{750}{250}$$

3. Which of the following is the rate set by the Monetary Policy Framework Agreement (MPFA) and is the maximum tolerable rate that RBI should target to achieve price stability in India?

(A) Repo rate

(B) Inflation rate

(C) MSF rate

(D) Reverse repo rate

4. If the credit multiplier is 4, calculate the required reserve ratio.

(A) 40%

(B) 25%

(C) 20%

(D) 60%

$$4 = \frac{1}{RRR}$$

$$RRR = \frac{1}{4}$$

5. Controlling credit by not lending to selective industries or speculative business is referred to as _____

(A) Moral suasion

(B) Margin requirements

(C) Selective credit control

(D) Open market operations

$$\frac{AD}{C+I} = \frac{AS}{Y}$$

$$100 = -20 + 0.25Y$$

(4)
ZGH

$$120 = -20 + 0.25Y$$

$$Y = \frac{120 + 20}{0.25} = 480$$

6. Calculate the equilibrium level of income, if the saving function is denoted by $S = -20 + 0.25Y$ and autonomous investment (I) = 100 crores.

- (A) 320 crores
 (C) 480 crores
 (B) 160 crores
 (D) 240 crores

$$Y = -20 + 0.25Y + 100$$

$$Y - 0.25Y = 80$$

$$0.75Y = 80$$

$$100 = -20 + 0.25Y$$

$$\frac{120 + 20}{0.25} = Y$$

$$Y = \frac{20 + 0.25Y + 100}{0.75}$$

$$Y = \frac{120 + 0.25Y}{0.75}$$

$$Y - 0.25Y = \frac{120}{0.75}$$

$$0.75Y = 160$$

$$\frac{15000}{4500} - 250$$

7. Calculate the NNP at MP when NNP at FC is ₹ 15,000 crore, indirect taxes ₹ 450 crore, direct taxes ₹ 175 crore and subsidies are ₹ 250 crore.

- (A) ₹ 15,025 crore
 (B) ₹ 15,200 crore
 (C) ₹ 15,275 crore
 (D) ₹ 15,525 crore

8. Considering the Real GDP to be ₹ 4,500 crore and the Nominal GDP ₹ 6,750 crore, calculate the GDP deflator.

- (A) 150%
 (C) 120%
 (B) 66.67
 (D) 80.33

$$\frac{6750}{4500} \times 100 = 150\%$$

9. Calculate the amount of subsidies, when the national income is ₹ 4,500 crore, Net National Product at Market Price is ₹ 4,800 crore and indirect taxes is ₹ 350 crore.

- (A) ₹ 400 crore
 (C) ₹ 50 crore
 (B) ₹ 650 crore
 (D) ₹ 100 crore

$$4500 = 4800 - 350 + 200$$

$$4800 = 4500 + 350 - 50$$

10. From the given options, select the method that measures national income through a summation of factor incomes paid out by all production units within the domestic territory of a country such as wages, salaries, rent, interest and profit, with the exception of transfer income.

- (A) Value added method
 (B) Expenditure method
 (D) Income method
 (C) Disposal method

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11. Post-independence which philosophy in Indian economics is related to small scale and cottage industry and village republics?

- (A) British philosophy
- (B) Nehruvian philosophy
- (C) East India Company philosophy
- (D) Gandhian philosophy

12. Which of the following is not associated with exchange rate depreciation?

- (A) Leads to output expansion
- (B) Encourages economic activity
- (C) Lowers the relative price of imports
- (D) Improves balance of trade

13. The 'Gulf Cooperation Council' is an example of which regional trade agreement?

- (A) A customs union
- (B) Common market
- (C) Economic and monetary union
- (D) Regional preference trade agreement

14. Calculate the real exchange rate, considering nominal exchange rate = 15, domestic Price Index = 250 and foreign Price Index = 200.

- (A) 12.25
- (B) 15.50
- (C) 18.75
- (D) 9.60

$$RER = \frac{NR \times DP}{FP}$$

$$= \frac{15 \times 250}{200}$$

$$= 18.75$$

15. Which of the following scenarios does not give rise to foreign direct investment?

- (A) Acquiring a controlling interest in an existing foreign company
- (B) External commercial borrowing
- (C) Joint venture with a foreign company
- (D) Merger and acquisition

$$= \frac{15 \times 250}{200}$$

$$= 18.75$$

xi is denoted by

$$-20 + -254 + 100$$

$$1 - 0.251 + 80$$

$$0.749$$

e, indirect taxes
ore.

the Nominal

₹ 4,500 crore,
indirect taxes is
1500 - 300 + 200

ational income
n units within
t, interest and

od

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16. Which of the following measures are usually aimed at restricting the quantity of goods that can be imported, irrespective of whether they originate from different sources or from one particular supplier?
- (A) Government procurement policies
 - (B) Rules of origin
 - (C) Non automatic licencing and prohibitions
 - (D) Distribution restrictions
17. Which form of tariff is determined based on the specific contents of the imported goods?
- (A) Specific tariff
 - (B) Ad valorem tariff
 - (C) Mixed tariff
 - (D) Technical tariff
18. Which of the following is not an assumption of the Absolute Advantage Theory in international trade?
- (A) Trade between two countries
 - (B) Existence of transportation cost
 - (C) Labour being mobile within a country but immobile between countries
 - (D) Two country and two commodity framework
19. Which form of tariff is a duty to bring the price of an imported commodity upto the level of the domestic support price of the commodity?
- (A) Preferential tariff
 - (B) Bound tariff
 - (C) Applied tariff
 - (D) Variable tariff
20. Which type of non-technical measure is adopted in international trade in order to non-discriminatorily and temporarily limit imports of a product, if its domestic industry is injured or threatened with serious injury caused by a sudden rise in imports?
- (A) Safeguard measures
 - (B) Embargo
 - (C) Government procurement policies
 - (D) Measures affecting competition
21. While determining the effect of a tax on the income of a producer, which of the following is correct?
- (A) Inflation
 - (B) Deflation
 - (C) Injection
 - (D) Withdrawal
22. Which of the following is not a characteristic of a perfectly competitive market?
- (A) High elasticity of demand
 - (B) High elasticity of supply
 - (C) Low elasticity of demand
 - (D) Low elasticity of supply
23. National industry which of the following is not a characteristic of a perfectly competitive market?
- (A) Indivisible supply
 - (B) Homogeneous product
 - (C) Diverse supply
 - (D) Large number of sellers
24. In economic terms, which of the following is not a characteristic of a perfectly competitive market?
- (A) Diverse supply
 - (B) Homogeneous product
 - (C) Large number of sellers
 - (D) Indivisible supply
25. The concept of a perfectly competitive market is based on which of the following assumptions?
- (A) Ceteris paribus
 - (B) Perfect information
 - (C) Ceteris paribus and perfect information
 - (D) Ceteris paribus and perfect information

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GDP
At NNP

21. While determining national income, the income, which is not spent on, recently produced consumption goods and services may be referred to as _____ out of the income stream.

- (A) Inflation
- (B) Depreciation
- (C) Injection
- (D) Leakage

22. Which of the following statements correctly explains the relationship between Marginal Propensity to Consume (MPC), Marginal Propensity to Save (MPS), and the value of the investment multiplier?

- (A) Higher the MPC more will be the value of investment multiplier
- (B) Higher the MPS more will be the value of investment multiplier
- (C) Lower the MPC more will be the value of investment multiplier
- (D) Lower the MPS less will be the value of investment multiplier

$k = \frac{1}{1-MPC}$
Direct = 5
 $\frac{1}{MPS} = 4$

23. National income is calculated as the consolidation of the production of each industry after reducing the intermediate purchases from all other industries in which of the following method?

- (A) Industrial origin method
- (B) Income method
- (C) Disposal approach
- (D) Expenditure approach

4
2
1-33

24. In economics, what distinguishes between 'National' and 'Domestic' with regards to determination of national income?

- (A) Depreciation
- (B) Indirect taxes
- (C) Subsidies
- (D) Net factor income from abroad

25

The condition for national income equilibrium can be expressed through which of the following expressions?

- (A) $C - I = C + S$
- (B) $C + I = C + S$
- (C) $C + I = C - S$
- (D) $C + I = S$

10
5
3
2
S

31. Which of the following policies is focused at the empowerment of Micro, Small and Medium enterprises?
- (A) FAME India
 - (B) PM Gati Shakti National Master Plan
 - (C) Industrial Corridor Development Programme
 - (D) Udyami Bharat
32. Which measure of the primary sector is designed to provide income support to farmers in India?
- (A) PM KISAN
 - (B) Paramparagat Kisan Vikas Yojana
 - (C) Fixation of minimum support price
 - (D) Pradhan Mantri Fasal Bima Yojana
33. Interest rate liberalization and reduction in controls on banks in India by the Reserve Bank of India with regards to interest rates chargeable on loans and payable on deposits are closely associated with which of the following economic reforms:
- (I) Fiscal reforms
 - (II) Monetary reforms
 - (III) Capital market reforms
 - (IV) Financial sector reforms
- (A) Both (II) and (IV)
 - (B) Only (II)
 - (C) Only (I)
 - (D) Both (I) and (III)
34. Which of the following is a pan India electronic trading portal networking existing APMC mandis to create an integrated national market for agricultural commodities?
- (A) E Amrit
 - (B) NDAP
 - (C) E NAM
 - (D) Niti Aayog

35. Which of the following is not a general characteristic of money? 40.
 (A) Perishable * (B) Effortlessly recognizable
 (C) Possessing uniformity (D) Easily transportable
36. Calculate the fiscal deficit from the following data. 41.
Revenue deficit ₹ 5,000 crores
Capital expenditure ₹ 45,000 crores
Capital receipts excluding borrowings ₹ 42,500 crores
Select the correct answer from options given below:
(A) ₹ 2,500 crores * (B) ₹ 12,500 crores
(C) ₹ 10,000 crores (D) ₹ 7,500 crores
37. The act of undisciplined students shouting and making nuisance during a lecture session in a class and disrupting teachers from delivering their lectures is an example of _____. 42.
 (A) Negative production externality *
 (B) Positive consumption externality
 (C) Negative consumption externality
 (D) Positive production externality
38. Which of the following institutions is not responsible for public debt management in India? 43.
 (A) SEBI
 (B) RBI
 (C) Department of Economic Affairs *
 (D) Ministry of Finance
39. Which of the following is not a non-tax revenue under public finance? 44.
 (A) Interest receipts *
 (B) Receipts of union territories *
 (C) Dividend and profits from PSUs *
 (D) GST compensation cess *
GST - Tax
GST Compensation Cess

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40. Complete the statement by selecting the correct option. A firm earns zero economic profit _____

- (A) If price = Minimum ATC
- (B) If price > Minimum ATC
- (C) If price < Minimum ATC
- (D) If price < Average Variable Cost

$P < AVC$
Shut down condition

41. The three stages of the law of variable proportion can be referred to as the stages of _____

- (A) Increasing returns, optimum returns & nil returns
- (B) Positive returns, diminishing returns & nil returns
- (C) Increasing returns, diminishing returns & negative returns
- (D) Negative returns, nil returns & positive returns

42. Which of the following represents variable cost in the short run?

- (A) Factory rent
- (B) Wages for factory labour
- (C) Accountant's salary
- (D) Factory insurance premium

43. Which from the following forms essential elements of a market?

- (I) Buyers and sellers
- (II) Product or service
- (III) Knowledge of market conditions
- (IV) Multiple prices for a product or service at a given time

- (A) (I), (II) and (III)
- (B) Both (I) and (III)
- (C) (I), (II) and (IV)
- (D) Both (III) and (IV)

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44. "The right to work is guaranteed, but the choice of occupation gets restricted."
Select the correct set of options which is related with the above statement.
- (A) Absence of consumer choice, Capitalist economy
 - (B) Absence of consumer choice, Socialist economy *
 - (C) Right to private property, Capitalist economy
 - (D) Right to private property, Socialist economy
45. Mixed economy in the real world comprise of _____.
- (A) Only market
 - (B) Both market and government
 - (C) Both market and private individuals
 - (D) Only government
46. 'Consumer Sovereignty' is a feature related to which of the following economic system:
- (A) Laissez Faire Economy *
 - (B) Socialist Economy
 - (C) Mixed Economy
 - (D) Command Economy
47. Which of the following areas is related to macroeconomics?
- (A) Consumer behaviour
 - (B) Factor pricing
 - (C) External value of currency *
 - (D) Behaviour of firms
48. Which of the following factors does not relate to the central economic problem?
- (A) What to produce
 - (B) How to produce
 - (C) When to produce *
 - (D) For whom to produce

operation gets restricted." above statement.

49. Assume the cost of producing 500 units to be ₹ 25,000. Investment of the entrepreneur in his business is ₹ 1,50,000. Rate of normal market return is 10%. The selling price at which the firm will earn supernormal profit is:

- (A) ₹ 78
- (B) ₹ 80
- (C) ₹ 82 *
- (D) ₹ 76

50. The 'Theory of Games' which provided a different approach to the analysis of strategic behaviour of the oligopolists under uncertainty was developed by _____

- (A) Alfred Marshal
- (B) Adam Smith
- (C) Von Neumann & Oskar Morgenstern *
- (D) Paul A Sweezy

51. When goods are sold, based on product differentiation, it is known as _____

- (A) Collusive oligopoly
- (B) Imperfect oligopoly *
- (C) Partial oligopoly
- (D) Syndicated oligopoly

52. Choose the correct statement about Duopoly from the following statements.

- (A) It is a special case for the Oligopoly market structure *
- (B) It is a special case for the Monopsony market structure
- (C) It is a special case for the Monopoly market structure
- (D) It is a special case for the Imperfect Competition

53. A group of firms which explicitly collude to coordinate their activities in industries where there are a few firms, all of which are similar in size, may be referred to as _____

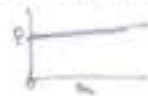
- (A) Perfect competition
- (B) Cartel *
- (C) Oligopsony
- (D) Bilateral monopoly

54. Choose the correct option from the following that is not a true property of an Indifference Curve (IC):

- (A) IC slopes upwards to the right
 (B) IC is always convex to the origin
 (C) IC will not touch either axes
 (D) IC can never intersect each other

55. In which of the following conditions the demand curve touches the vertical axis and is horizontal at the price level?

- (A) Elasticity being zero
 (B) Elasticity > 1
 (C) Elasticity < 1
 (D) Elasticity is infinite



56. Calculate the arc elasticity if $P_1 = ₹ 15$, $P_2 = ₹ 20$, $Q_1 = 50$ units, and $Q_2 = 75$ units.

- (A) 1.4
 (C) 2.1

- (B) 1.2
 (D) 1.5

$$\frac{\Delta Q}{\Delta P} \times \frac{P_1 + P_2}{Q_1 + Q_2}$$

$$\frac{25}{5} \times \frac{35}{125} = \frac{875}{625}$$

$$\frac{25}{5} \times \frac{35}{125}$$

57. If the price of a commodity reduces from ₹ 200 to ₹ 150, calculate the new quantity demanded assuming that price elasticity of demand is 2.5 and the original quantity demanded is 25 Kgs.

- (A) 40.625 Kgs
 (C) 40.250 Kgs

- (B) 42.125 Kgs
 (D) 41.625 Kgs

$$2.5 = \frac{Q_2 - 25}{25} \times \frac{200}{25}$$

$$3.125 = \frac{Q_2 - 25}{25} \times 200$$

58. The demand curve slopes upwards in case of which of the following scenarios?

- (A) Conspicuous necessities
 (B) Normal goods
 (C) Unitary elasticity
 (D) Elasticity greater than one

$$\frac{14.750}{50} \times \frac{4}{25}$$

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$$\frac{25}{5} \times \frac{35}{125}$$

200
150

59. Which of the following industries is not considered as a core industry of the ICI in the Indian economy?
- (A) Natural gas
 - (B) Fertilizer
 - (C) Steel
 - (D) Information and communication *
60. What is the maximum limit of Foreign Direct Investment (FDI) permitted under the automatic route in the marketing of food products and food product e-commerce in India?
- (A) 49%
 - (B) 74%
 - (C) 100% *
 - (D) 51%
61. Which sector in India has the highest labour productivity?
- (A) Primary
 - (B) Service *
 - (C) Secondary
 - (D) Manufacturing
62. What is the full form of ECLGS?
- (A) Emergency Corporate Line Guarantee Scheme
 - (B) Emergency Credit Line Guarantee Scheme
 - (C) Emergency Credit Line Guarantee Subsidy
 - (D) Emergency Corporate Line Government Scheme
63. Which of the following features was not responsible for the launching of the radical economic reforms of 1991 in India?
- (A) Severe strain on balance of payments
 - (B) Heavy internal and external debt
 - (C) High foreign exchange reserves *
 - (D) Stringent conditions of IMF for availing further loans *

64. Which of the following is not an example of coincident economic indicator?
 (A) Changes in stock prices
(B) Inflation
(C) Personal income
(D) Industrial production
65. Which of the following is not an internal cause of business cycle?
(A) Natural factors
(B) Psychological factors
(C) Variation in Government spending
(D) Macroeconomic policies
66. Which phase of business cycle is characterised by a rapid rise in output prices leading to increased cost of living and greater pressure on fixed income earners?
(A) Contraction
(B) Prosperity
(C) Depression
(D) Downswing
67. Unemployment, corporate profit and labour cost per unit of output are examples of which type of economic indicators?
(A) Coincident
(B) Lagging
(C) Concurrent
(D) Leading
68. The difference between market price and factor cost for an aggregate like GDP is:
(A) Net exports (excluding subsidies)
(B) Net indirect taxes (indirect taxes minus subsidies)
(C) Depreciation
(D) Net factor income from abroad

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Use the following information for Q 69, Q 70 and Q 71;

No. of units	Total Fixed Cost (₹)	Total Variable Cost (₹)
0	100	0
1	100	50
2	100	80
3	100	100
4	100	110
5	100	118

$\frac{\Delta TVC}{\Delta Q}$

69. Calculate the average total cost when 4 units are produced.

(A) ₹ 25

$\frac{TC}{Q}$

$\frac{210}{4}$

(B) ₹ 27.50

(C) ₹ 52.50

(D) ₹ 210

70. Calculate the average variable cost when 3 units are produced.

(A) ₹ 36

$\frac{TVC}{Q}$

$\frac{100}{3}$

(B) ₹ 33.33

(C) ₹ 66.67

(D) ₹ 100

71. Calculate the marginal cost of the 5th unit of production.

(A) ₹ 8

$\frac{\Delta TVC}{\Delta Q}$

(B) ₹ 23.60

(C) ₹ 43.60

(D) ₹ 118

or $TVC_n - TVC_{n-1}$

ZGH

72. Which of the following features is not a component of the Modern Theory in international trade?
- (A) International trade is only a distinct case of inter-regional trade
 (B) It is based on labour theory of value
 (C) It considers factor price differences as the principal cause of commodity price differences
 (D) It considers the relative prices of the factors which impacts the comparative costs of the good
73. The assumption that there are two media for storing value - money and an interest-bearing alternative financial asset is a central feature of which approach to the demand for money?
- (A) Liquidity Preference Theory
 (B) Restatement of Quantity Theory
 (C) Inventory Theoretic Approach
 (D) Classical Approach
74. What is the notified consumer price index inflation set by the Central Government as the target for the period Aug 5, 2016 to Mar 31, 2021?
- (A) 3%
 (B) 4%
 (C) 8%
 (D) 5%
75. According to Keynes, the transactions demand for money is a direct proportional and positive function of the level of income. Which of the following equations correctly represents this relationship?
- (A) $L_r = Y - k$
 (B) $L_r = kY$
 (C) $L_r = k + Y$
 (D) $L_r = Y / k$
76. The degree of adoption of banking habits by the public is measured by the:
- (A) Credit-Deposit Ratio
 (B) Reserve-Deposit ratio
 (D) Currency-Deposit Ratio
 (C) Investment-Deposit Ratio

Modern Theory in
 trade
 use of commodity
 which impacts the
 money and an
 which approach

77. Which of the following pair of components is common to all sector-models of the economy?
- (A) Government and household
 - (B) Rest of the world and Government
 - (C) Household and firms (Business)
 - (D) Firms (Business) and Government

Use the following information for Q 78 and Q 79

Income (Y) in crore	Consumption (C) in crore
0	100
100	150
200	225
300	300
400	375
500	400

by the Central
 2021?

78. Calculate the average propensity to save when the income is at ₹ 500 crores.
- (A) 0.80 *
 - (B) 1.00
 - (C) 0.25
 - (D) 0.20
79. Calculate the marginal propensity to consume when the income changes from ₹ 300 crores to ₹ 400 crores.
- (A) 1.00
 - (B) 0.50
 - (C) 0.75
 - (D) 0.25
80. There is an increase in the national income by ₹ 2,000 crores when there is an increase in investments by ₹ 1,600 crores. Calculate the marginal propensity to consume.
- (A) 0.80 *
 - (B) 0.50
 - (C) 0.20
 - (D) 0.40

is a direct
 Which of the

ed by the:
 ratio
 it Ratio

$$MPS = \frac{S}{Y} = \frac{100}{500} = 0.20$$

$$1 - MPC = \frac{1}{1.25}$$

$$MPC = 1 - \frac{1}{1.25} = \frac{0.25}{1.25} = 0.20$$

$$K = \frac{2000}{1600} = \frac{5}{4} = 1.25$$

$$K = \frac{1}{1 - MPC} \Rightarrow K = \frac{1}{1 - 0.25} = 1.25$$

81. Markets dealing with homogeneous products, which are perfect substitutes, are referred to as _____

- (A) Monopoly
 (B) Oligopoly
 (C) Monopolistic Competition
 (D) Perfect competition

82. Calculate the AR, when $MR = 15$ and price elasticity of demand = 1.5

- (A) 30
 (C) 45

- (B) 60
 (D) 22.5

$$\frac{AR - MR}{AR}$$

$$1.5 = \frac{AR - 15}{AR}$$

83. From the information below, calculate the marginal revenue of the 4th unit.

Units	Total Revenue (₹)	Average Revenue (₹)
1	100	100
2	180	90
3	240	80
4	300	75
5	330	66

- (A) ₹ 75
 (C) ₹ 66

- (B) ₹ 80
 (D) ₹ 60

$$TR - TR_{n-1}$$

84.

The factors which determine the type of market are _____

- (A) Size of the commodity, size of the population and extent of demand
 (B) Size of production, nature of commodity and extent of supply
 (C) Extent of demand, nature of commodity and size of the population
 (D) Size of production, extent of demand and nature of commodity

$$e = \frac{AR}{AR - MR}$$

$$1.5 = \frac{AR}{AR - 15}$$

$$\frac{45}{30} = \frac{AR}{AR - 15}$$

$$3/2 = \frac{AR}{AR - 15}$$

85.

86.

87.

88.

89.

et substitutes, are

85. When the price of sugar is ₹ 60 per kg, its demand is 10 Kgs. Subsequently, if the price of coffee declines from ₹ 500 per kg to ₹ 450 per Kg, the usage of sugar rises from 10 kgs to 15 kgs. Calculate the cross price elasticity.

- (A) -5
- (B) 10
- (C) -2.5
- (D) 2.5

$$\frac{5}{50} \times \frac{500}{20}$$

86. Find the coefficient of price elasticity when the price of a product decreases from ₹ 10 to ₹ 6, and the quantity demanded rises from 10 units to 20 units.

- (A) -1.5
- (B) 3.5
- (C) 0.5
- (D) -2.5

$$\frac{15}{4} \times \frac{10}{10}$$

87. Articles of prestige value used by rich people as status symbol for increasing their social prestige and/or for displaying wealth is known as:

- (A) Speculative goods
- (B) Conspicuous goods
- (C) Giffen goods
- (D) Inferior goods

88. For a household suppose the income elasticity of a commodity is arrived at 0.5, what can be assumed about the nature of the good?

- (A) It is a luxurious good
- (B) It is an inferior good
- (C) It has a zero income elasticity
- (D) It is a normal good and fulfils a necessity

89. Which of the following is not a set of complementary goods?

- (A) Car & Petrol
- (B) Electricity & Electrical Gadgets
- (C) Bread & Jam
- (D) Blazer & Jacket

$$\frac{10}{4} \times \frac{10}{10}$$

$P_1 = 60, Q_1 = 10$
 $P_2 = 500, Q_2 = 15$
 $P_3 = 450, Q_3 = 15$
 $\frac{5}{50} \times \frac{500}{10}$
 $\frac{5}{50} \times \frac{500}{10}$
 $\frac{5}{50} \times \frac{450}{10}$

d = 1.5

PE = K
PE
100 100-5
100-5-100

be 4th unit.



emand

ation
y

90. A fall in the levels of investment and employment and supply exceeding demand to a great extent is predominant in _____ phase of business cycle. 95.
- (A) Upswing (B) Boom
 (C) Expansion (D) Recession
91. Which of the following is not a characteristic of the Oligopoly market? 96.
- (A) Strategic Interdependence (B) Group behaviour
 (C) No importance to advertising (D) Importance to selling costs
92. Government needs to take steps to regulate and prevent formation of certain market forms that are exploitative and create undesirable outcomes in the economy. The market form is: 97.
- (A) Perfect competition (B) Monopoly
 (C) Oligopolistic competition (D) Monopolistic competition
93. The industry and the firm are identical in _____ type of market situation. 99.
- (A) Monopoly (B) Perfect competition
 (C) Monopolistic competition (D) Oligopsony
94. Select the correct option from the following which represents market classification based on the volume of business. 100
- (A) Spot market (B) Regulated market
 (C) Retail market (D) Local market

95. Government spending that does not contribute to GDP because income is only redistributed from one group of people to another, without any direct contribution by the recipients is known as:
- (A) Revenue expenditure (B) Capital expenditure
(C) Transfer payments (D) Public expenditure
96. Which of the following is not a criteria for distribution of central taxes amongst states for the period 2021 to 2026?
- (A) Area (B) Population (2011)
(C) Forest & ecology (D) Adult literacy
97. Surcharge on certain duties and taxes for the purpose of the Union, are based on which of the following Articles of the Constitution?
- (A) 271 (B) 269
(C) 293 (D) 268
98. Which of the following taxes does the State Government levy?
- (A) Taxes on income (B) Taxes on vehicles
(C) Customs duty (D) Security transaction tax
99. During which phase of the business cycle is expansionary fiscal policy most appropriate?
- (A) Stagflation (B) Peak
(C) Expansion (D) Contraction
100. Which of the following is not the responsibility of the Central Government but is associated with the State Government?
- (A) Foreign affairs
(B) Foreign trade and exchange management
(C) Police protection
(D) Money and banking