

## CA FOUNDATION | JUNE 2023 ATTEMPT | BUSINESS ECONOMICS MEMORY BASED QUESTION PAPER

### THEORY OF DEMAND

- 1) Which of the following is not an exception to the law of demand?  
a) speculative goods  
b) Giffen goods  
c) Necessary goods d) normal goods
- 2) Price effect is described as which of followings  
a) income effect + Veblen effect  
b) substitution effect + vebblen effect  
c) income effect + substitution effect  
d) vebblen effect + demonstration effect
- 3) Increase in price of pulses leads to increase in demand of green vegetables  
a) Substitutes  
b) complimentary goods  
c) normal goods  
d) none of the above
- 4) Leftward shift of demand curve of coffee represents  
a) Decrease in demand  
b) Increase in demand  
c) Contraction d) Expansion
- 5) If the demand of Bajra decreases due to decrease in its price, then Bajra is a  
a) Superior good b) Inferior good  
c) Necessary good d) Luxury good
- 6) Movement along the same demand curve represents  
a) Change in demand  
b) Change in Quantity demand  
c) Increase in demand  
d) Decrease in demand

### ELASTICITY OF DEMAND

- 7) When two goods are unrelated then cross elasticity of demand will be \_\_\_\_\_.  
a) 0 b)  $\infty$  c) 1 d) (-)
- 8) Suppose there is an increase in income by 15%, which increases demand by 30% the income elasticity of demand will be  
a) 0.67 b) 0.5 c) 2 d) 1.0

- 9) When oranges has  $- (0.58)$  income elasticity the commodity orange is called as  
a) orange is a necessary good  
b) orange is a inferior good  
c) orange is a substitute good  
d) none
- 10) If the price of a gel pen increases from Rs.40 to Rs.50 and in response to this the quantity demand decreases from 25 units to 20 units. The coefficient of price elasticity will be  
a) 1.25 b) -1.25 c) 0.8 d) -0.8
- 11) Which of the following method is used to calculate Elasticity of demand when price and quantity demand are large  
a) Zero elasticity b) Cross elasticity  
c) Point elasticity d) Arc elasticity
- 12) There is decrease in price of LED TV after budget announcement from Rs. 60000 to Rs.50000. As a result of which demand for it has increases from 1500 units to 2000 units. Elasticity of demand for LED TV will be  
a) 1.27 b) 1.57 c) 0.63 d) 0.67

### THEORY OF SUPPLY

- 13) Due to introduction of 5G mobiles in the market, the price of such mobiles have increased by 20% and there by supply increased by 40% the elasticity of supply will be which of the following?  
a) 0.5 b) -0.5 c) -2 d) 2
- 14) When No. of tourists increase at a place for which the room rent of hostel also increases. Then the elasticity of supply of room will be  
a) Zero b)  $<1$  c)  $>1$  d)  $=1$

### THEORY OF CONSUMER BEHAVIOUR

- 15) If indifference curve is 'L' shaped then two goods will be called as  
a) perfect superior goods  
b) perfect inferior goods  
c) perfect quality goods  
d) perfect complementary goods

- 16) Supposing that total utility is 100 at 10 units of consumption of a commodity. If consumer increases the consumption by one more unit and owing to that total utility increases to 108. The marginal utility of last units consumed will be
- a) 8      b) 100      c) 108      d) 101

### **THEORY OF PRODUCTION**

- 17) The concept of innovative entrepreneurship was propounded by
- a) Joel dean      b) Schumpeter  
c) Marshall      d) karl marx
- 18) Which one of the following is not a characteristic of land?
- a) land is immobile  
b) land is active factor  
c) land has multiple uses  
d) land is heterogeneous.

### **PRODUCTION FUNCTION & PRODUCTION OPTIMISATION**

- 19) Returns to scale occurs due to \_\_\_\_.
- a) small run      b) long run  
c) very-small run      d) undetermined.
- 20) Technological relationship b/w inputs & output.
- a) production function  
b) marketing  
c) supply function      d) social function
- 21) The stage of "Decreasing returns to scale" will occur when
- a) decrease in output is less than increase in input  
b) decrease in output is greater than increase in input.  
c) increase in output is greater than increase in input.  
d) increase in output is less than increase in input.

### **THEORY OF COST**

NIL

### **BUSINESS CYCLES**

- 22) In which phase of Business Cycles levels of investment & employment falls

- a) peak      b) recession  
c) expansion      d) contraction
- 23) Not a phase of business cycle
- a) peak      b) trough  
c) expansion      d) reconstruction
- 24) From the following variance that change after real output changes areas
- a) coincide indicator  
b) coincide economy indicator  
c) lagging indicator  
d) concurrent indicator
- 25) Which of the following is not an example of lagging indicator
- a) consumer price index  
b) labour cost price per unit  
c) commercial lending  
d) personal income
- 26) Which of the following is extreme or exogeneous following that lead to boom or burst
- a) economic factor      b) social factor  
c) natural factor      d) industrial factor
- 27) Which of the following is not an internal factor
- a) Fluctuations in effective  
b) Fluctuations in investment  
c) Macro economic policies  
d) Post war reconstruction
- 28) Which of the following industries are less sensitive to business cycle?
- a) consume goods industry  
b) Durable consumer goods industry  
c) Travel and Tourism Industries  
d) Food Grain processing Industries
- 29) Those variables that change before the real output changes prior to large economic adjustments are called as
- a) Coincident indicator  
b) Leading indicator  
c) Concurrent indicator  
d) Lagging indicator
- 30) Coincident indicators are also called as
- a) Lagging indicator  
b) Leading indicator  
c) Concurrent indicators      d) None

31) Increase in national output and other economic variables is a characteristic of \_\_\_\_\_ in Business Cycles

- a) Trough                      b) Depression
- c) Contraction              d) Expansion

32) Which is a feature of business cycles

- a) Pervasive in nature
- b) Occurs in restrictive market economy
- c) Periodical regularity
- d) It has same reasons

### **NATURE & SCOPE OF BUSINESS ECONOMICS**

33) Under which of the following economy the consumer have limited freedom of choice

- a) social                      b) mixed
- c) capital                    d) restricted

34) Encourage enterprise & risk taking is considered as a merit of which of the following economy? \_\_\_\_\_.

- a) Social economy      b) political
- c) Mixed
- d) Managerial economy

35) Economic is classified into \_\_\_\_\_.

- a) Normative & positive
- b) Micro & Macro
- c) Internal & External
- d) None of the above

36) Which of the following is not a correct statement?

- a) Business Economics is a normative science
- b) Business Economics is an art
- c) Business Economics is based largely on Micro Economics.
- d) Business Economics does not incorporate elements of Macro Economics

37) Which of the below enables application of economic logic and analytical tools to bridge the gap between theory and practice?

- a) Macro economics
- b) Micro economics
- c) Business economics
- d) Traditional economics.

38) An economic system in which all means of production are owned and controlled by private individuals for profit is called as?

- a) Free economy

- b) Capitalist economy
- c) Normative economy
- d) Socialist economy.

39) Which of the following is the central problem of economy.

- a) Scarcity of resources
- b) Unemployment
- c) Poverty                      d) Inflation

40) Which of the following refers to the sum total of arrangements for the product and distribution of goods and services in society?

- a) Economic System
- b) Business System
- c) Capitalist Economic System
- d) Socialist Economic System

41) Which of the following is not the subject matter of micro economics.

- a) Consumer Behaviour
- b) Foreign Exchange Rate
- c) Behaviour of Firms
- d) Location of Industry

42) Capitalist economy solve their economic problems through which of the following

- a) Central Planning Authority
- d) Price mechanism
- c) Administered Prices
- d) Voting done by customers

43) Which of the following is one of the merits of socialism

- a) importance given to personal efficiency
- b) importance given to productivity
- c) Incentive for economic decisions
- d) Rapid growth and balanced economic development.

### **PRICE DETERMINATION IN DIFFERENT MARKETS (OLD NAME MARKETS)**

44) Price of goods expresses \_\_\_\_\_ value.

- a) exchange                      b) cost
- c) demand                      d) fair

45) Another name of average revenue curve is

- a) production possibility curve
- b) Demand curve

- c) supply curve      d) indifference curve
- 46) Which one of the following is not element of market  
 a) buyer      b) service  
 c) firm  
 d) bargaining for price
- 47) When demand for commodity is decreasing as a result of fall in income and it's supply remains constant, what will be the impact on it's price  
 a) Price increases      b) Price decreases  
 c) No change  
 d) Uncertain change in price
- 48) On the basis of nature of transaction a market can be classified into which of the following  
 a) Cash and forward market  
 b) National and international market  
 c) Organized and unorganized market  
 d) Retail and wholesale market
- 49) Suppose a seller realises Rs.100 by selling 10<sup>th</sup> unit of commodity and Rs.120 by seling 11<sup>th</sup> unit. What is the MR of 11<sup>th</sup> Unit  
 a) 100      b) 120      c) 20      d) 10
- PRICE & OUTPUT DETERMINATION UNDER DIFFERENT MARKET FORMS**
- 50) Product differentiation is the essential feature of  
 a) perfect competition  
 b) Monopolistic competition  
 c) oligopoly competition  
 d) Duopoly competition
- 51) In which type of the following market product is homogeneous in nature \_\_\_\_\_  
 a) pure oligopoly      b) pure monopoly  
 c) pure duopoly      d) pure competition
- 52) Not an objective of price discrimination  
 a) To enjoy economics of scale  
 b) To dispose off surplus stock  
 c) To escape foreign market  
 d) To secure equity through pricing
- 53) which of the following is supply curve of competitive firm in short run  
 a) Average variable cost curve  
 b) Average total cost curve  
 c) marginal cost curve  
 d) average fixed cost curve
- 54) when new firm enter into the market and compete with the existing firm is a situation called  
 a) pure oligopoly      b) open oligopoly  
 c) collusive oligopoly  
 d) competitive oligopoly
- 55) Under which of the following market condition both average and marginal revenue are same.  
 a) perfect competition      b) Monopoly  
 c) Monopolistic competition  
 d) Oligopoly
- 56) Kinked demand curve hypothesis explain which of the following concept.  
 a) price leadership      b) price rigidity  
 c) Group behavior  
 d) Independent pricing
- 57) In which of the following, prices are determined by market forces of demand and supply.  
 a) Duopoly Competition  
 b) Perfect Competition  
 c) Monopolistic Competition  
 d) Natural market
- 58) Which of the following is the characteristics of Monopoly  
 a) Industry is dominating by larger number of firms  
 b) Freedom to entry and exit  
 c) No close substitutes  
 d) Only two firms in the market

**DEMAND FORECASTING - NIL**

**THE END**

---

**CA FOUNDATION | JUNE 2023 ATTEMPT | BUSINESS & COMMERCIAL KNOWLEDGE  
MEMORY BASED QUESTION PAPER**

---

**BUSINESS AND COMMERCIAL KNOWLEDGE  
AN INTRODUCTION**

- 1) Business ownership is a \_\_\_\_\_.
  - a) Bundle of rights
  - b) district ownership
  - c) Zero risk investment
  - d) No ownership.
- 2) \_\_\_\_\_ contractual co-ownership
  - a) Partnership
  - b) Companies
  - c) Sole proprietorship
  - d) HUF
- 3) Which of the following is not correct about LLP?
  - a) It has Designated partners.
  - b) It has separate legal entity.
  - c) It has perpetual succession.
  - d) It has common seal.
- 4) Which of the following is not an economic objective of business.
  - a) Responsibility towards suppliers
  - b) Efficiency
  - c) Sales
  - d) Return on investment
- 5) Not true of HUF business
  - a) Decision making is quick
  - b) Family pool of resources
  - c) Limited liability of kartha
  - d) Succession of Ownership
- 6) Which one of the following is requested to obtain certificate of commencement of business in addition to certificate of incorporation
  - a) Private Limited Company
  - b) Hindu Undivided Family
  - c) Public Limited Company
  - d) One Person Company

**BUSINESS ENVIRONMENT**

- 7) Which of the following determines and size of the market?
  - a) Technological environment
  - b) Economic environment
  - c) Geographical environment
  - d) Socio-cultural environment
- 8) PESTLE analysis is a component of which of the following environment?
  - a) Internal Environment
  - b) Competitive Environment
  - c) Micro Environment
  - d) Macro Environment
- 9) Which one of the following is not a component of macro environment
  - a) Demographic
  - b) Technological
  - c) Competitor
  - d) Economic
- 10) Which of the following is not a component of internal environment?
  - a) Intermediary
  - b) Value system
  - c) Quality of Human Resources
  - d) Labour Unions
- 11) A study of \_\_\_\_\_ is called as demographic environment
  - a) Political system
  - b) Industries
  - c) Human population
  - d) Global economies

**ORGANIZATIONS FACILITATING BUSINESS**

- 12) Life blood of business is \_\_\_\_\_.
  - a) Deposit
  - b) Deal
  - c) Finance
  - d) Invest
- 13) Which of the following is a funding institution.
  - a) IRDAI
  - b) NIESBUD
  - c) TRAI
  - d) NABARD
- 14) Who from the below helps a budding business to quickly launch a product and put it in the care of connectively.
  - a) Freight forward
  - b) Financial consultant
  - c) Business incubator
  - d) Business accelerator



15) Which of the following is not a proceed of security & exchange board of India.

- a) Quasi-Marketing
- b) Quasi-Judicial
- c) Quasi-legislative
- d) Quari-Excutive

16) Which is the first development bank.

- a) ICICI
- b) IDBI
- c) IFCI
- d) NABARD

17) Which of the following below is Responsible to implement government monetary policy

- a) Govt. Regulatory body
- b) Ministry of finance
- c) Ministry of home affairs
- d) RBI

18) The rate at which bank borrow money from RBI (Reserve Bank of India) against pledging is known.

- a) Repo rate
- b) Revere repo rate
- c) Bankrate
- d) discount rate

#### **GOVERNMENT POLICIES FOR BUSINESS GROWTH**

19) Which of the following has the aim to provide protection to the business so that they may sustain themselves and grow?

- a) Regulative
- b) Restrictive
- c) Protective
- d) Facilitative

20) Selling portion of govt. ownership to pvt. Individuals

- a) Delegation
- b) Deregulation
- c) Disinvestment
- d) Displacement

21) Artha shastra is a concept from work

- a) Government and its policy
- b) Art of management
- c) State craft and public policy
- d) Delegation of power of authority

22) Which one of the following is not a sectoral policy

- a) Agricultural Policy
- b) Industrial Policy
- c) Foreign Trade Policy
- d) Fiscal Policy

23) Which of the following defined as the systematic process of enhancement and encouragement of freedom of private sector in economy

- a) Privatization
- b) Free Economy
- c) Liberalization
- d) Mixed Economy

24) MRTP act comes under

- a) Protective
- b) Regulatory
- c) Restrictive
- d) Developmental

25) out of the following, which is not an economic policy

- a) Consumer policy
- b) Monetary policy
- c) Foreign investment policy
- d) Fiscal policy

#### **COMMON BUSINESS TERMINOLOGIES**

26) Road map of company's feature.

- a) Mission
- b) Vision
- c) Future planning
- d) Goal

27) Amount which is withdrawn above the balance available in the accounts of payer is

- a) Overdraft
- b) Maturity
- c) Online banking
- d) Market value

28) Business to consumer market is a \_\_\_\_\_

- a) Whole sale market
- b) Retail market
- c) Regulator market
- d) unregulated market

29) A market in which stock prices are falling consistently is called as \_\_\_\_\_.

- a) Business risk
- b) Bull market
- c) Bear market
- d) Social market

30) Attitude that inclined a customer either to return to a shop or outlet to purchase there again or to repurchase a particular product.

- a) Costumer need
- b) Customer demand
- c) Customer satisfaction
- d) Customer loyalty

---

31) The effect of change in price will have on customers is called as

- a) Price sensitivities
- b) Price discrimination
- c) Price skimming
- d) Pre-empting pricing

32) Bridge financing is also known as

- a) Base-finance      b) E-finance
- c) Gap financing
- d) Mortgage financing

33) The price at which the holder of an option can buy or sell the securities they held when the option is executed is known as \_\_\_\_

- a) Strike price      b) Stock price
- c) Stock split      d) Securities

### **BUSINESS ORGANIZATIONS**

34) Hunger to win customers for life is slogan of which company?

- a) Bharati Airtel      b) Amazon.com
- c) Walmart      d) Wipro

35) Mohammed Premji was the founder of

- a) Intel Corporation      b) Walmart
- c) Microsoft      d) Wipro

36) Save money, live better is the slogan of

- a) Nestle      b) Amazon
- c) Walmart      d) Reliance

37) Caring to life is slogan of

- a) Nestle      b) Walmart
- c) Amazon      d) Cipla

38) Coal India is incorporated in

- a) 1977      b) 1976
- c) 1975      d) 1974

39) Providing delightful experience for consumers is slogan of

- a) Flipkart      b) Nestle
- c) Amazon      d) Walmart

40) Which one of the following is usually not included in a company overview.

- a) Vision
- b) Competitive scenario
- c) Market position      d) Paid up capital

**THE END**