



Shikshadwar

Gateway to knowledge

INDIA'S BELOVED CA EDUCATORS
TEAM SHIKSHADWAR

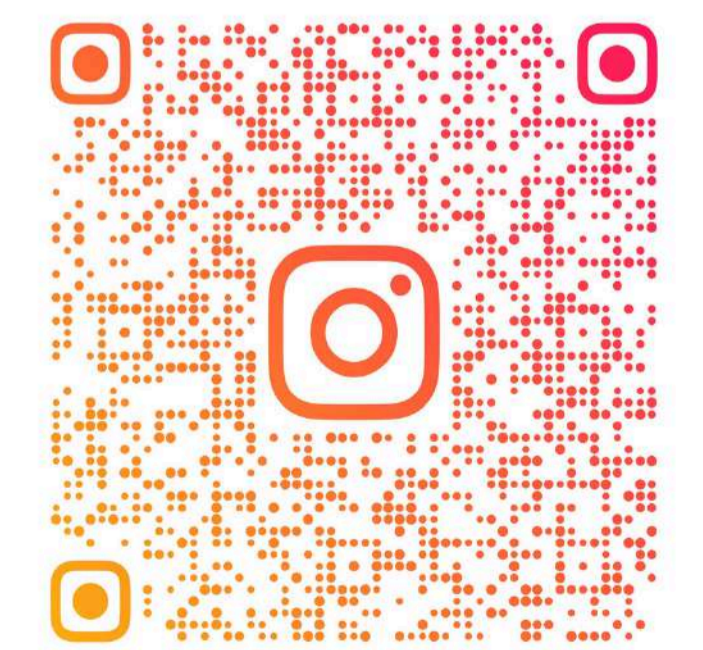


CA ADARSH JOSHI

CA , B.COM

FOUNDER

- 8+ years of teaching experience in CA education
- Subject Expert in:
CA Foundation – Paper 2: Business Laws
CA Intermediate – Paper 2: Corporate and Other Laws
- Has uploaded over 3000+ educational videos for CA Foundation and CA Inter students
- Known for his dynamic, conceptual and “fun-and-learn” teaching style
- Guided thousands of students across India to success in CA exams
- Strong academic background with B.Com (BMCC, Pune) and ACA qualification
- Widely appreciated for his clarity, energy, and practical approach to law subjects
- Through Shikshadwar, offers comprehensive classes, books, tests, and mentorship to CA students



CAADARSHJOSHI



CA DARSHAN JAIN

CA , CS , LLB , DISA , DIRM , B.COM

CO FOUNDER

- Chartered Accountant by profession & educator by passion
- Teaching Financial Accounting , Financial Management & Strategic Management to CA Students For 12 Years.
- Practicing Chartered Accountant For Past 13 years in The Field of Audit , Direct & Indirect Taxes & Management Consultancy
- Elected as Convenor of The Jalna CA CPE Chapter of WIRC of ICAI For 2 consecutive years 20-21 & 21-22.
- He Has Successfully Completed & Qualified Following Certificate Course Conducted By ICAI
 1. Forensic Accounting & Fraud Detection
 2. Concurrent Audit of Banks
 3. Goods & Service Tax (GST)
 4. Public Finance & Accounting
 5. Drafting & Pleading Before Authorities
 6. Wealth management & Financial Planning
 7. Artificial Intelligence



@CA_DARSHAN_JAIN



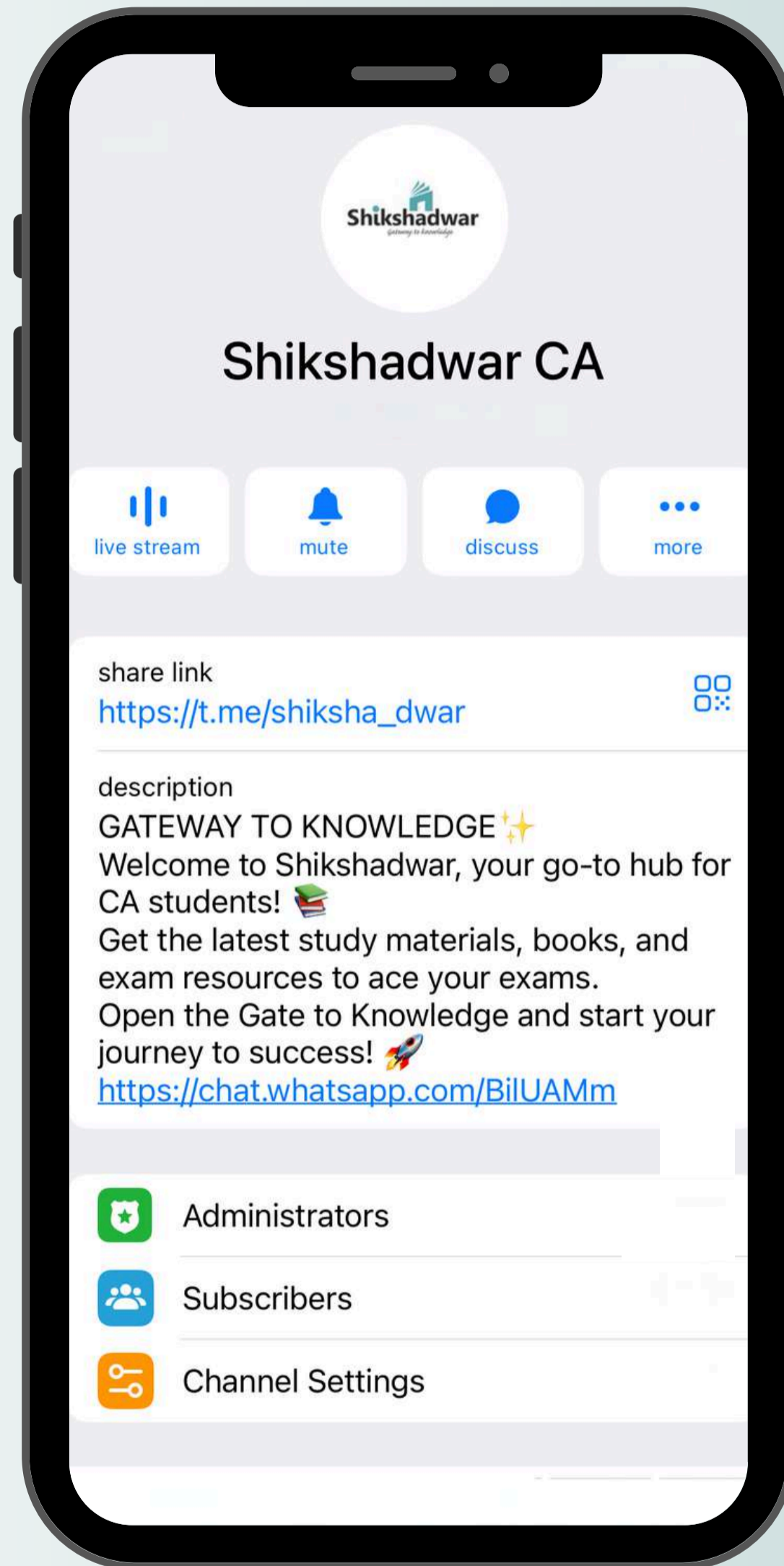
CA TUSHAR TAPARIA

CA , LLB

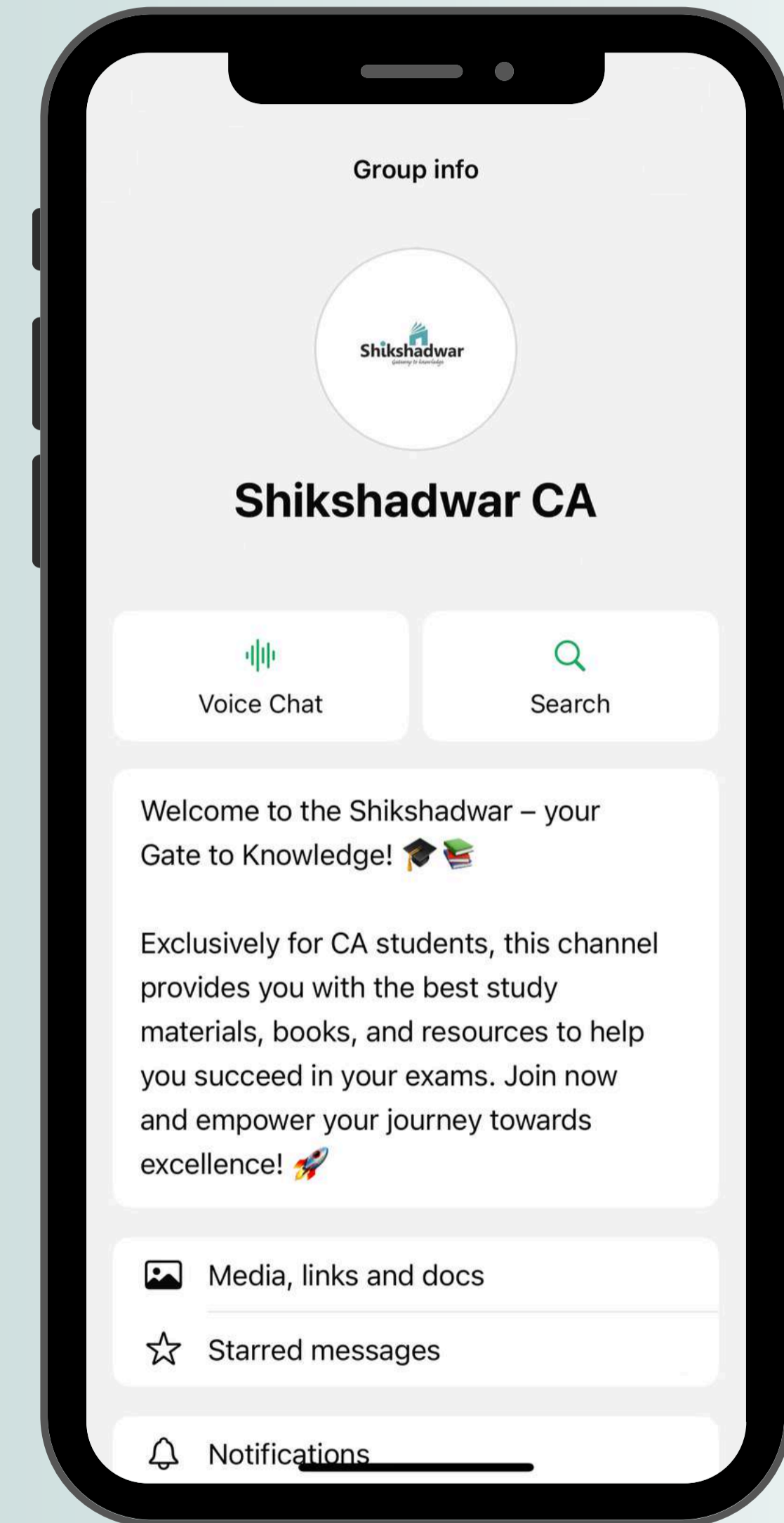
- A multi-faceted professional with a Chartered Accountancy qualification and a Bachelor's degree in Law.
- Brings 7+ years of teaching experience across CA and CS professional courses.
- Specializes in:
 - Taxation at CA Intermediate and CS Executive levels
 - Economics at CA Foundation level
- Known for simplifying complex concepts with crystal-clear explanations and practical insights.
- Expert in delivering Fasttrack batches with proven accelerated learning techniques.
- Frequently invited as a visiting faculty for Taxation at reputed coaching institutes.
- Loved by students for his interactive teaching style, real-life examples, and exam-oriented approach.



@CA_TUSHAR_TAPARIA

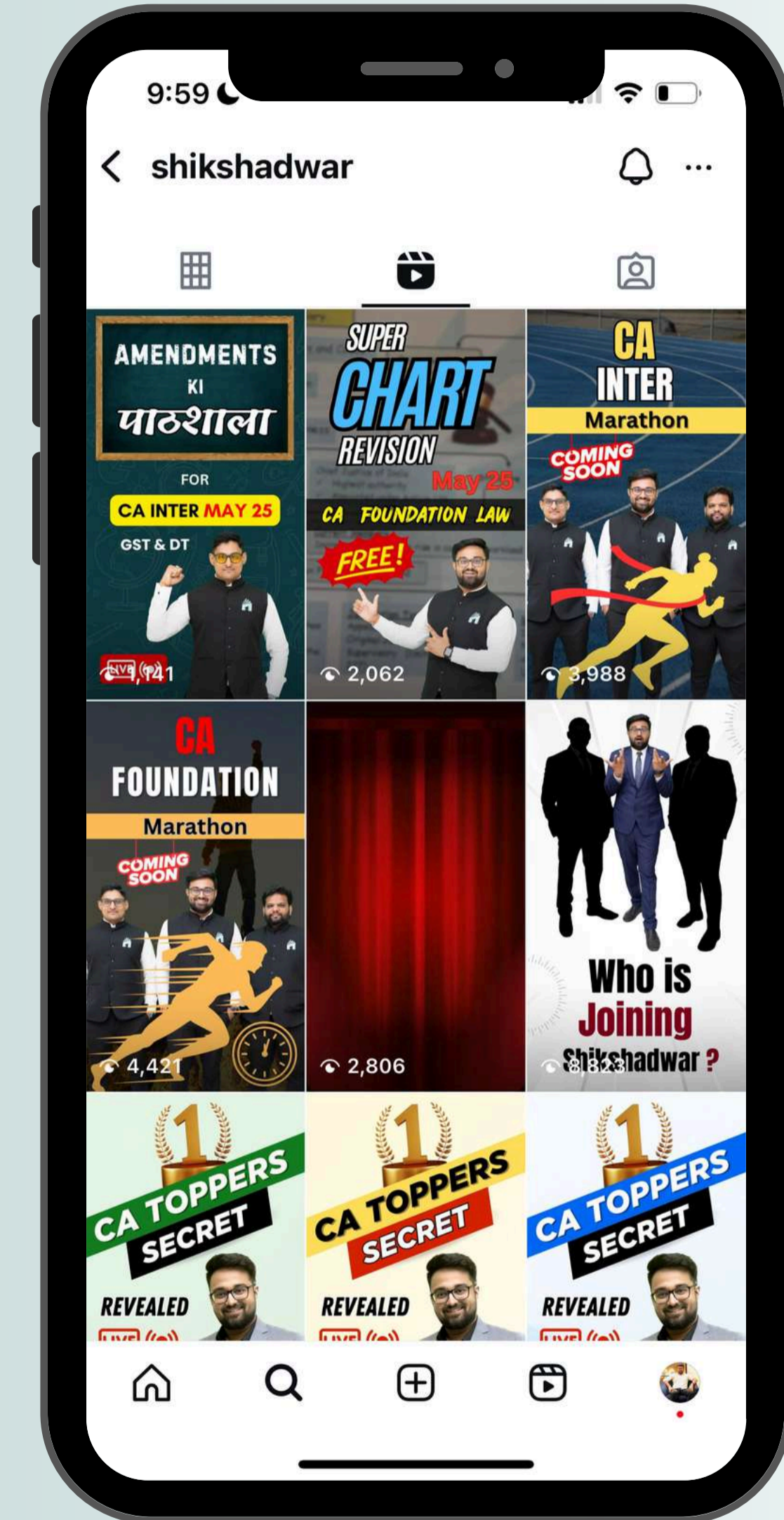
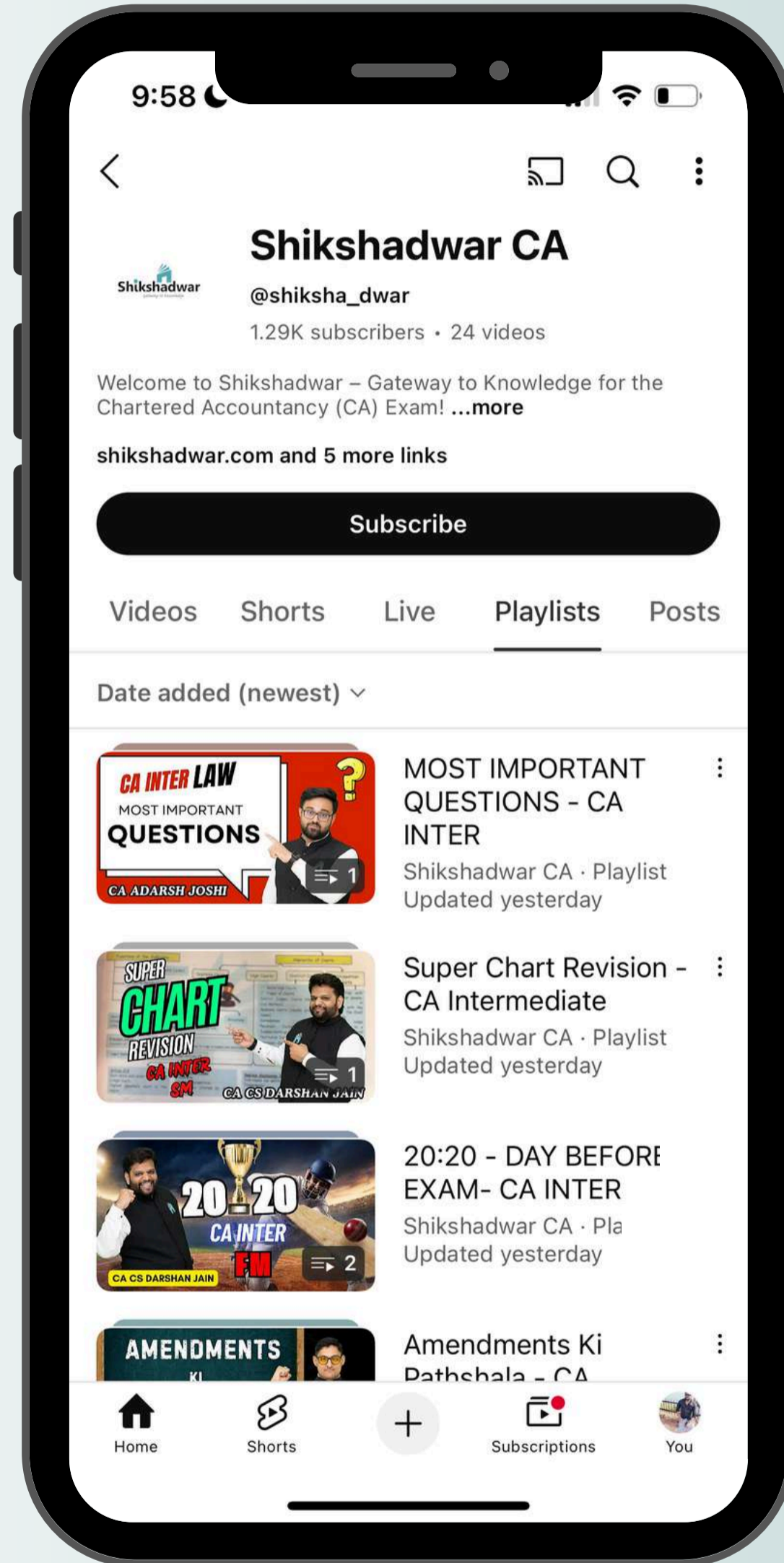
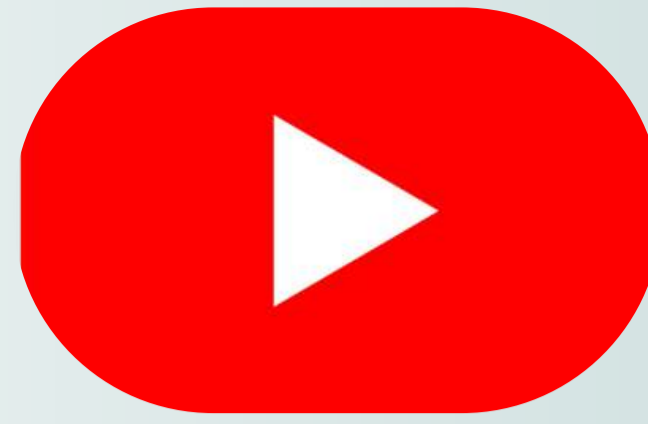


Join Now >>



<< **Join Now**





Your one-stop destination for CA

We prioritize delivering comprehensive, easy-to-understand, and exam-focused content to empower you in your professional journey. Our carefully curated resources are designed to build a solid foundation and guide you toward achieving your career goals.

CA Foundation

CA Intermediate



Class Features



Live Streaming

Experience the power of live learning anytime, anywhere. With our Android app, the classroom travels with you –



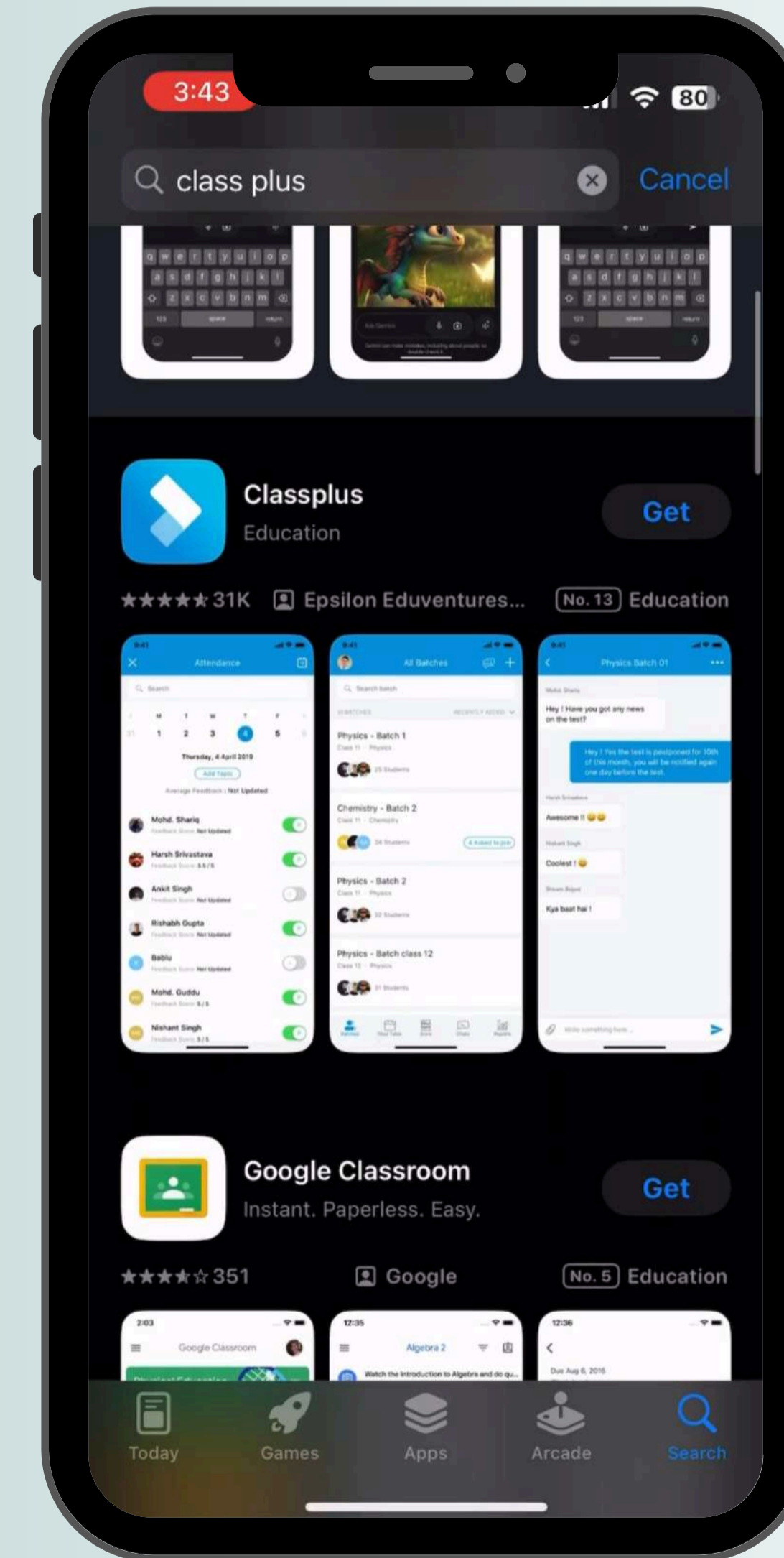
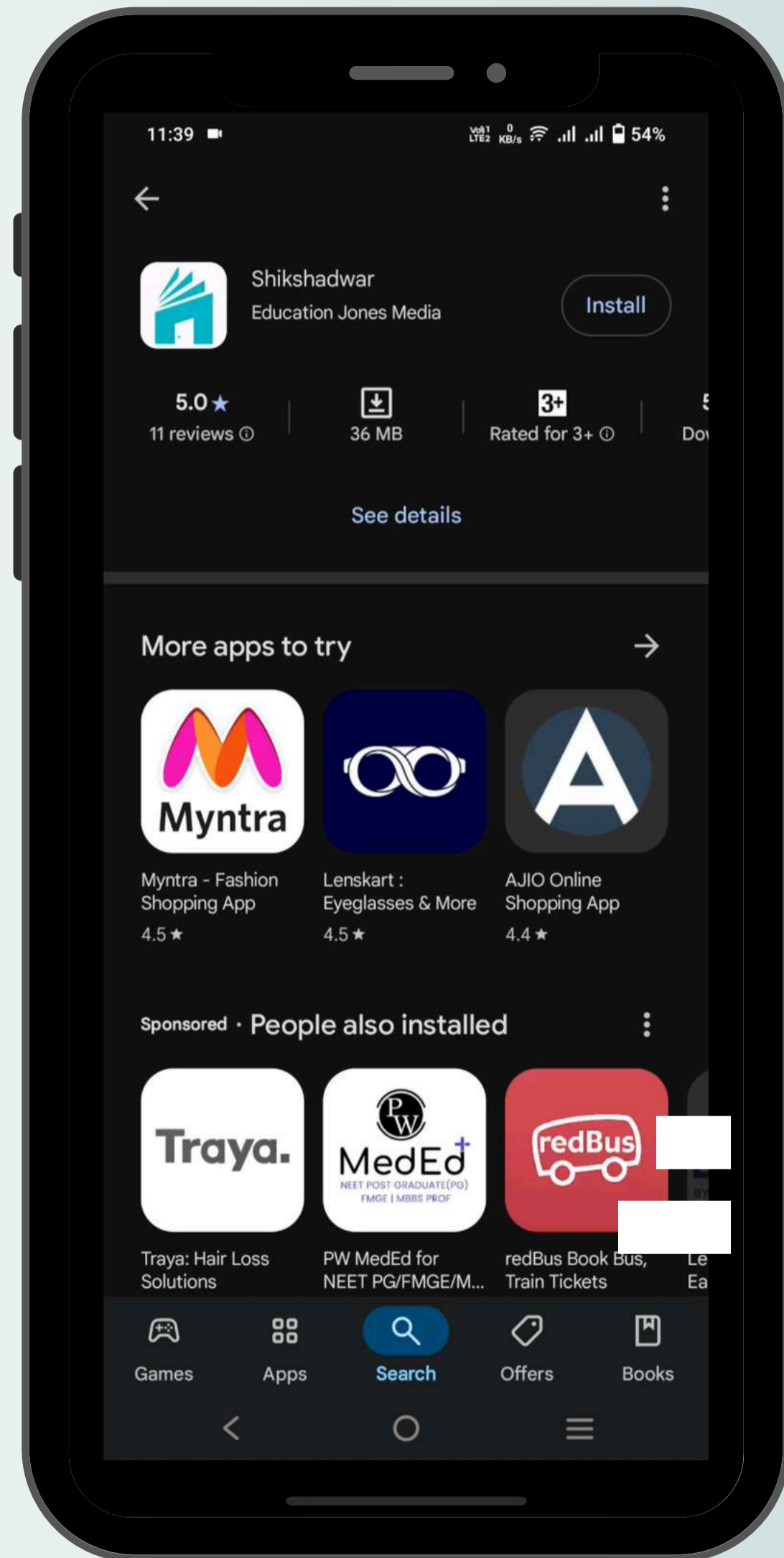
Book Series

Your ultimate destination for all CA study essentials. Discover a curated collection of books, perfectly aligned

Website



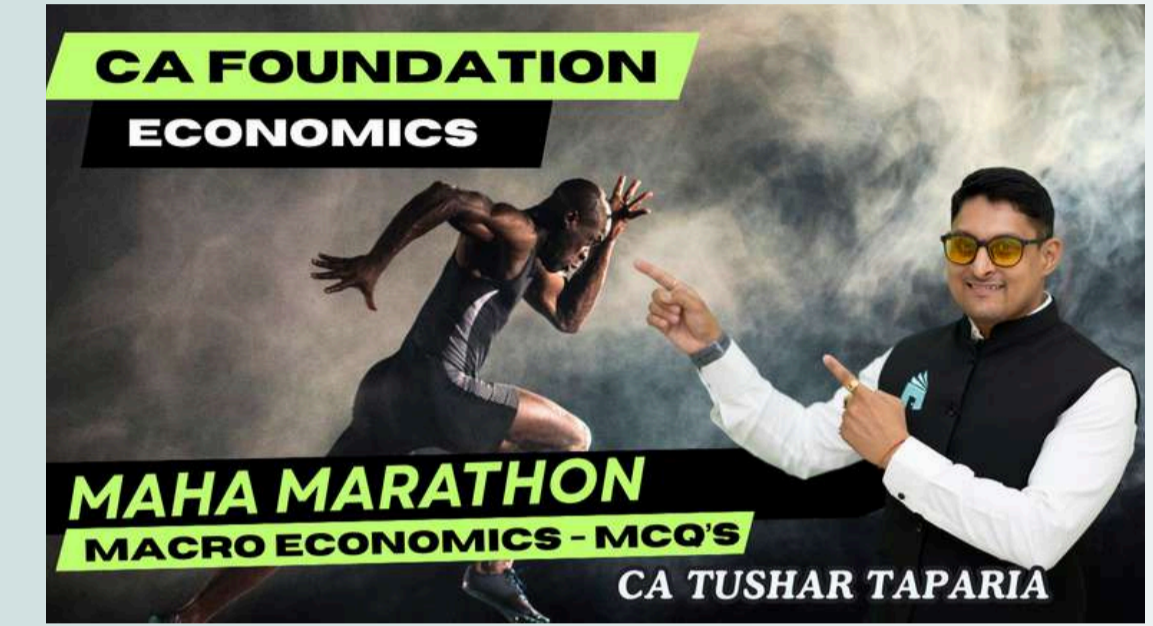
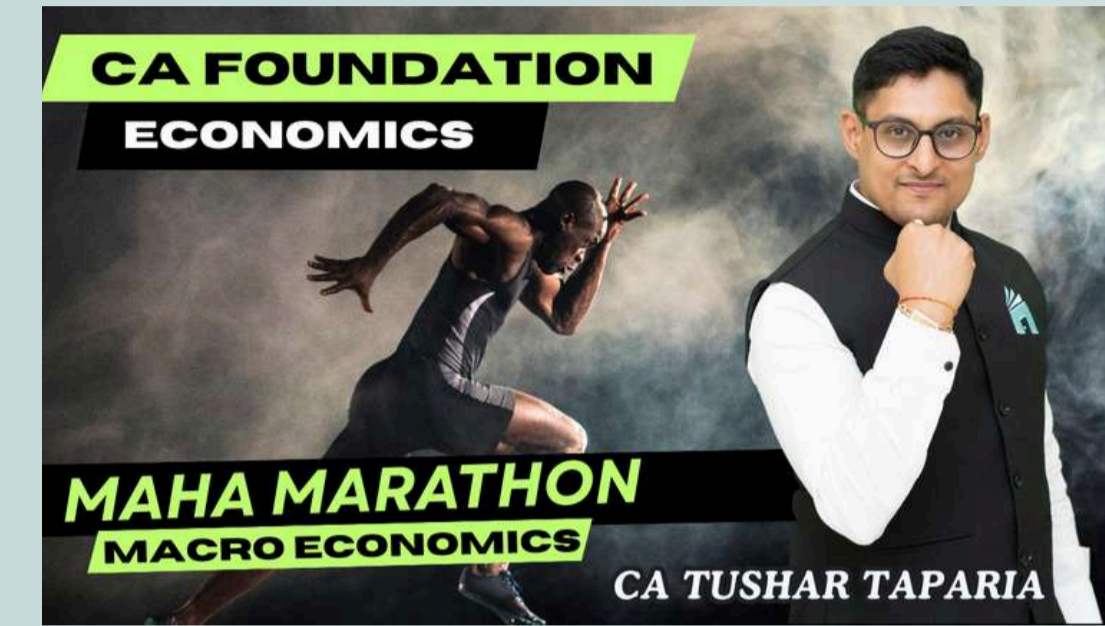
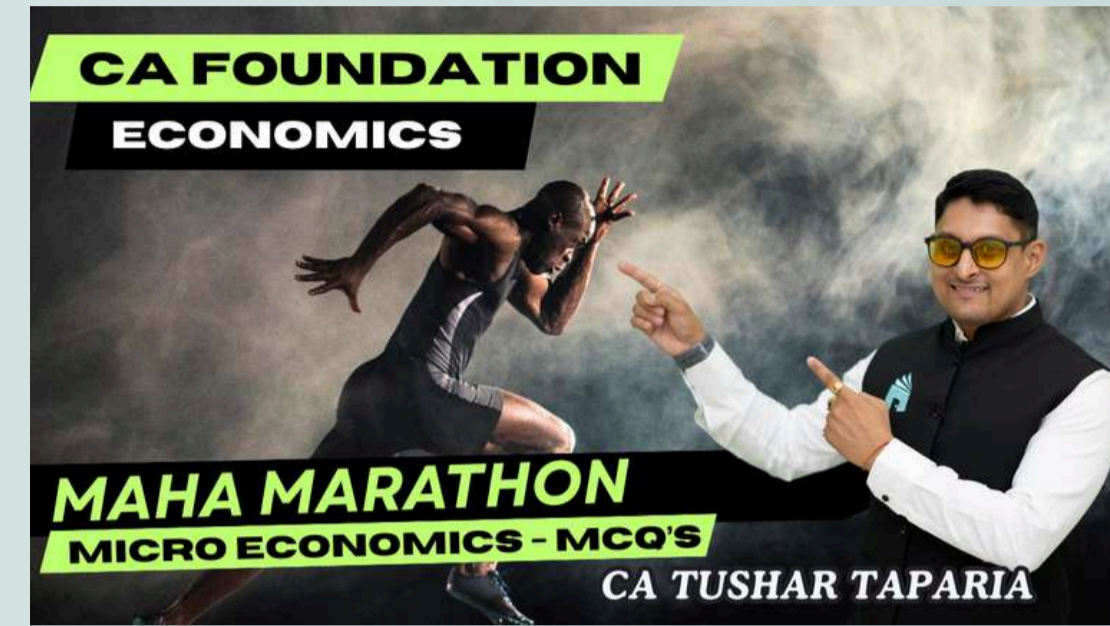
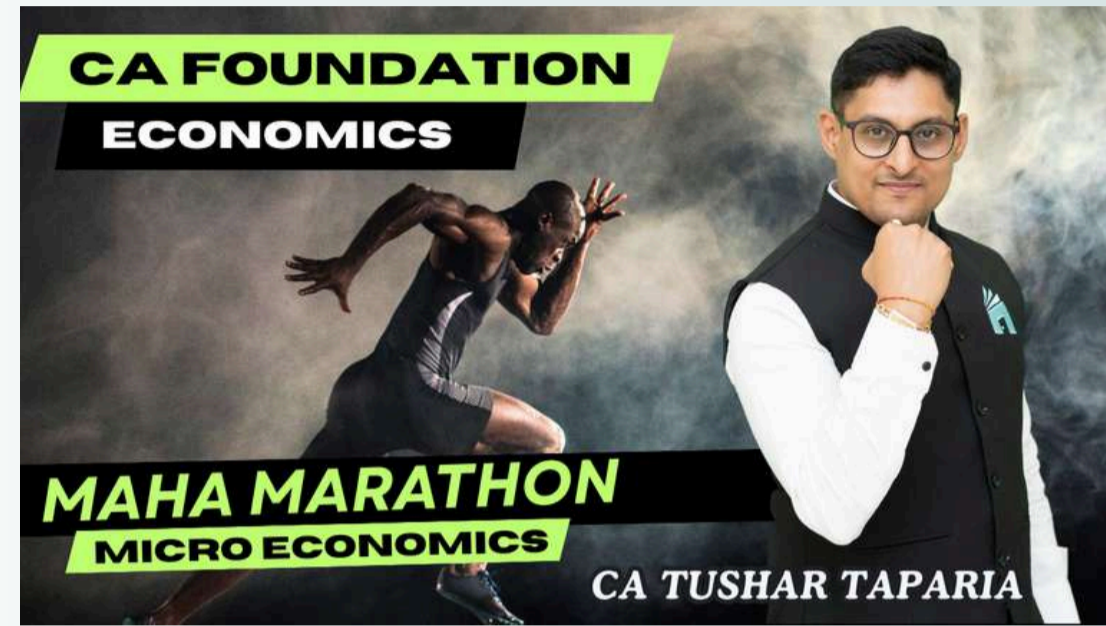
www.shikshadwar.com



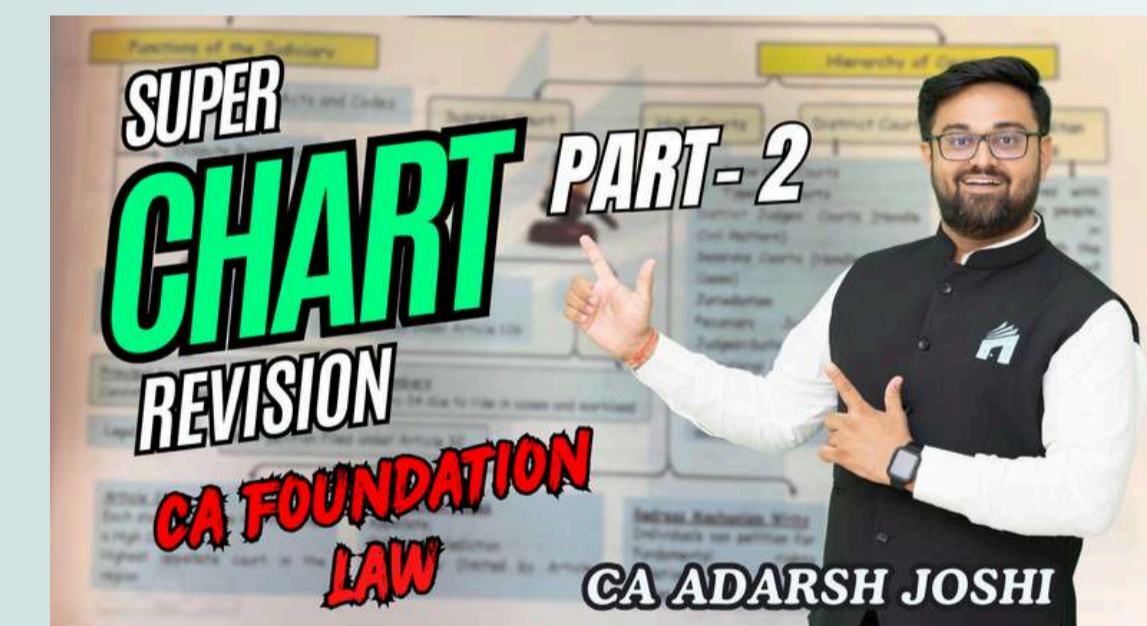
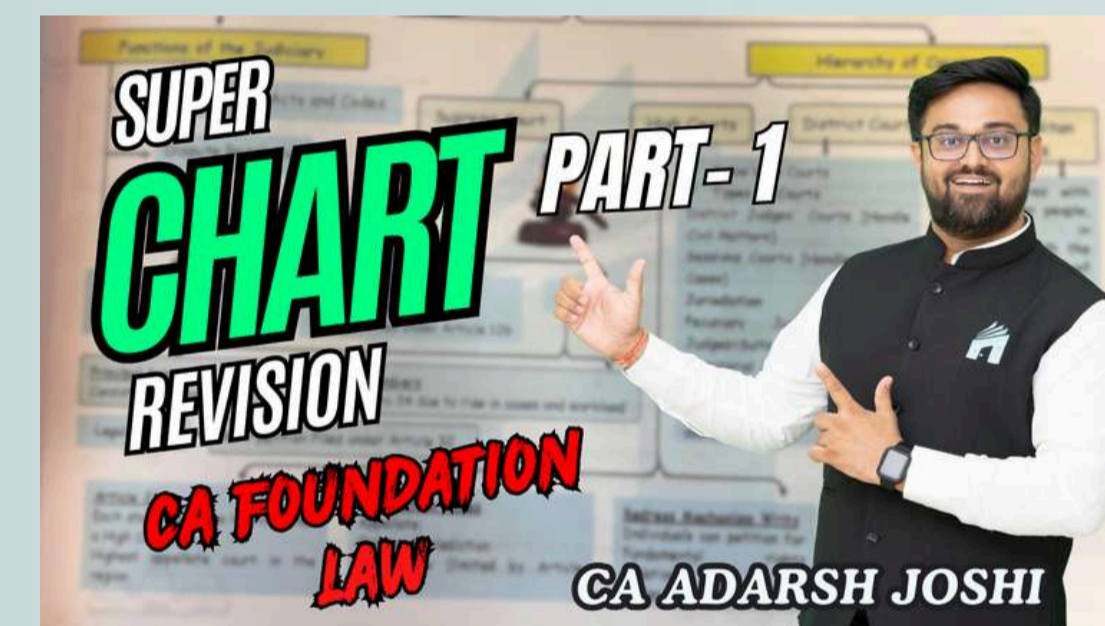
(Use Org Code:
EMSOY)

CA FOUNDATION MAY 25

Marathons Live Streams



MAHA MARATHONS ECONOMICS



MAHA MARATHONS ACCOUNTING

SUPER CHART REVISION



20-20 SERIES









SUPER 80








AAKHRI WAR

CA FOUADATION MAY 25

Marathons Schedule With Links

DATE	TIME	EDUCATOR	SUBJECT	TOPICS	YOUTUBE LINK
28/4/2025	1.00 PM	CA TUSHAR TAPARIA	ECONOMICS	MICRO ECONOMICS	
29/4/2025	8.00 AM	CA ADARSH JOSHI	LAW	SUPER CHART REVISION - PART I	
1/5/2025	2.00 PM	CA TUSHAR TAPARIA	ECONOMICS	MICRO ECONOMICS - MCQ'S	
3/5/2025	1.00 PM	CA TUSHAR TAPARIA	ECONOMICS	MACRO ECONOMICS	
4/5/2025	8.00 AM	CA CS DARSHAN JAIN	ACCOUNTING	MAHA MARATHON - PART I	
6/5/2025	8.00 AM	CA ADARSH JOSHI	LAW	SUPER CHART REVISION - PART II	

DATE	TIME	EDUCATOR	SUBJECT	TOPICS	YOUTUBE LINK
9/5/2025	2.00 PM	CA TUSHAR TAPARIA	ECONOMICS	MACRO ECONOMICS - MCQ'S	
11/5/2025	8.00 AM	CA CS DARSHAN JAIN	ACCOUNTING	MAHA MARATHON - PART II	
14/5/2025	8.00 AM	CA CS DARSHAN JAIN	ACCOUNTING	20-20	
16/5/2025	8:00 am	CA ADARSH JOSHI	LAW	SUPER 80	
20/5/2025	3.00 PM	CA TUSHAR TAPARIA	ECONOMICS	AAKHRI WAR	



One Day Before Exam

Question 1

If Indifference curve is L shaped, means two goods will be _____.

- Perfect Substitute goods
- Perfect inferior goods
- Perfect superior goods
- Perfect Complementary Goods

(d) Perfect Complementary Goods; L-shaped indifference curves imply goods are consumed in a fixed ratio; increasing one without the other yields no extra satisfaction, which is the definition of perfect complements.

Question 2

Purushotham wanted to buy laptop by paying ₹ 60,000 but the actual price is ₹ 55,000, then consumer surplus is _____.

- 6,500
- 55,000
- 5,000
- 60,000

(c) 5,000; Consumer surplus is the difference between willingness to pay (₹60,000) and the actual price paid (₹55,000), resulting in ₹5,000.

Question 3

On the basis of nature of transaction, a market may be classified into _____

- Wholesale and retail market
- Cash and forward rate
- National and international market
- Regulated and unregulated market

(b) Cash and forward rate; "Nature of transaction" distinguishes markets by the timing of payment and delivery: immediate (cash/spot) or future (forward). The other options classify markets based on volume, geography, or regulation.

Question 4

Use the table and answer for the following questions _____

Output	0	1	2	3	4	5	6
Total Cost (₹)	100	180	250	310	360	420	490

The average variable cost of 5 units of output _____

- 84
- 64
- 104
- 420

(b) 64; At 5 units, TC = ₹420, TFC = ₹100 (cost at 0 output). TVC = TC - TFC = ₹420 - ₹100 = ₹320. AVC = TVC / Output = ₹320 / 5 = ₹64.

Question 5

The marginal cost of 5th unit of output is _____

- a) 60
- b) 70
- c) 90
- d) 540

(a) 60; MC of the 5th unit = $TC(5) - TC(4) = ₹420 - ₹360 = ₹60$.

Question 6

The total cost is ₹ 4200 and fixed cost is ₹ 1200 then find the variable cost _____

- a) 1,200
- b) 3,000
- c) 4,200
- d) 5,450

(b) 3,000; Variable Cost = Total Cost - Fixed Cost = $₹4200 - ₹1200 = ₹3000$.

Question 7

If a seller obtains ₹ 6,000 after selling 50 units and ₹ 6,204 after selling 53 units, then marginal revenue will be _____

- a) 68
- b) 118
- c) 120
- d) 204

(a) 68; MR = (Change in Total Revenue) / (Change in Quantity) = $(₹6204 - ₹6000) / (53 - 50) = ₹204 / 3 = ₹68$.

Question 8

If quantity supply changes substantially in response to small changes in price of the good then it is

- a) Perfect elastic
- b) Unitary elastic
- c) Relatively less elastic supply
- d) Relatively greater elastic supply

(d) Relatively greater elastic supply; Substantial quantity change for small price change defines perfectly elastic supply.

Question 9

The price elasticity of demand for X is 1 and the original quantity demand of X is 90 units, if the price of X decreases from ₹ 300 to ₹ 180 per unit, calculate the new quantity demand of X _____

- a) 36 units
- b) 120 unit
- c) 126 units
- d) 144 units

(c) 126 units; PED = 1 implies % change in quantity demanded equals % change in price. Price decreased by 40% (from ₹300 to ₹180), so quantity demanded increases by 40% of 90, which is 36. New quantity = $90 + 36 = 126$ units.

Question 10

The concept of "innovative entrepreneurship" was given by _____

- a) Adam Smith
- b) Marshall
- c) J K Mehta
- d) Schumpeter

(d) Schumpeter; Joseph Schumpeter emphasized the role of innovation and the "creative destruction" process driven by entrepreneurs in economic development.

Question 11

Positive Science only explains _____

- a) What is?
- b) What ought to be?
- c) What is right or wrong?
- d) None of the above

(a) What is?; Positive science deals with facts and observable phenomena. It aims to describe the world as it is, without making value judgments or suggesting what should be.

Question 12

The study of behaviour of different individuals, organisations within an economic system is known as _____

- a) Micro economics
- b) Macro economics
- c) Welfare economics
- d) None

(a) Micro economics; studies the behavior of individual economic agents.

Question 13

External economies can be achieved through _____

- a) External assistance
- b) Development of unskilled labour
- c) Superior managerial efficiency
- d) Technological external economies

(d) Technological external economies; provide widespread benefits to firms from technological advancements outside their control.

Question 14

When price of apple is ₹ 120 per kg. Ram buys one kg of apples at that price. Now if other things remain the same but the price of apples falls to ₹ 90 per kg. Now Ram buys 2 kg. of apples. It is called as _____

- a) Demand schedule
- b) Market demand
- c) Contraction of demand
- d) Expansion of demand

(d) Expansion of demand

Question 15

Which activity is the base of all production activities _____?

- a) Consumption
- b) Production
- c) Exchange
- d) Investment

(a) Consumption

Question 16

Among the following statements which is incorrect in relation to isoquants _____

- a) These are negatively sloped
- b) These are concave to origin
- c) These are not intersecting
- d) These are convex to origin

(b) These are concave to origin

Question 17

Marginal product will be _____ at the point of inflexion is

- a) Minimum
- b) Maximum
- c) Negative
- d) Zero

(b) Maximum

Question 18

Aluminium industry is the example of which type of oligopoly _____

- a) Full oligopoly
- b) Open oligopoly
- c) Pure oligopoly
- d) Syndicated oligopoly

(c) Pure oligopoly

Question 19

When the price of petrol decreases, people reduce the consumption of diesel, then the goods are _____

- a) Complementary
- b) Substitutes
- c) Superior
- d) Any of the above

(b) Substitutes

Question 20

Kinked demand hypothesis is designed to explain the under oligopolistic market _____

- a) Collusion between firms
- b) Price and output determination
- c) Rigidity of price
- d) Price leadership

(c) Rigidity of price

Question 21

A functional relationship between inputs and output is called _____

- a) Cost function
- b) Revenue function
- c) Production function
- d) Consumption function

(c) Production function

Question 22

In which economic system production and distribution of goods and services aim at maximizing the welfare of community as a whole _____

- a) Normative
- b) Mixed
- c) Socialism
- d) Capitalistic economy

(c) Socialism

Question 23

Which of the following is not an economic activity _____?

- a) Online teaching
- b) Consumption of food items
- c) Land owner compensate the tiller of land in form of food grain
- d) Doctor consulting his own family

(d) Doctor consulting his own family

Question 24

A market where goods are exchanged for money payable either immediately or within short span of time _____

- a) Forwarded market
- b) Regulate market
- c) Wholesale market
- d) Spot market

(d) Spot market

Question 25

In which market prices are determined by the market forces of demand and supply?

- a) Perfect Competition
- b) Pure Competition
- c) Monopolistic Competition
- d) Oligopoly

(a) Perfect Competition

Question 26

During the phase of trough of business cycle, the growth rate became _____

- a) Negative
- b) Zero
- c) High
- d) Low

(a) Negative

Question 27

“Competition among few” is described in _____

- a) Monopoly
- b) Monopsony
- c) Oligopoly
- d) Duopoly

(c) Oligopoly

Question 28

In which economy, cost benefit analysis is used to answer the fundamental questions of economy

- a) Socialistic economy
- b) Capitalistic economy
- c) Regulatory economy
- d) Mixed economy

(d) Mixed economy

Question 29

Taxation policy of government is the part of _____

- a) Industry policy
- b) Monetary policy
- c) Fiscal policy
- d) EXIM policy

(c) Fiscal policy

Question 30

The nature of business economics is _____

- a) Positive in nature
- b) Pure science
- c) Pragmatic
- d) Independent

(c) Pragmatic

Question 31

Which of the following phase occurs after threat and before peak?

- a) Boom
- b) Recession
- c) Expansion
- d) Depression

(c) Expansion

Question 32

Which indicators coincide or occur simultaneously with the business cycle movements?

- a) Legal
- b) Lagging
- c) Leading
- d) Concurrent

(d) Concurrent

Question 33

What is the most visible sign of recession in an economy _____?

- a) Fall in the level of employment
- b) Fall in price level
- c) Rise in the inventory cost
- d) Weakening stock market

(b) Fall in price level

Question 34

Railways charges comparatively cheaper fares from senior citizens. This is an example of _____

- a) Market analysis
- b) Profit discrimination
- c) Price discrimination
- d) Demand forecasting

(c) Price discrimination

Question 35

When the industry is dominated by one large firm it is called _____

- a) Full oligopoly
- b) Partial oligopoly
- c) Organized oligopoly
- d) Closed oligopoly

(b) Partial Oligopoly

Question 36

_____ is measurable economics factor that changes before economy starts to follow a particular pattern of trend.

- a) Lagging indicators
- b) Leading indicators
- c) Coincident indicators
- d) Concurrent indicator

(b) Leading indicator

Question 37

A socialistic economy is also called as _____

- a) Profit oriented economy
- b) Centrally planned economy
- c) self-regulatory economy
- d) Unorganized economy

(b) Centrally planned economy

Question 38

Phases of business cycles are _____

- a) Bottom, recession, trough and boom
- b) Peak, depression, trough and boom
- c) Peak, depression, bust and boom
- d) Peak, recession, depression and recovery

(d) Peak, recession, depression and recovery

Question 39

Which is not an example of coincident indicator _____

- a) Inflation
- b) GDP
- c) Financial market trend
- d) Interest rate

(d) Interest rate

Question 40

The most feature of business cycles _____

- a) Pervasive nature
- b) Regular length
- c) Periodic intensity
- d) None of these

(a) Pervasive nature

Question 41

ABC Ltd. realizes total revenue of ₹ 6,000 by the sale of 120 units and ₹ 6050 by the sale of 121 units. What is the average revenue when ABC Ltd. sells 121 units?

- a) 50
- b) 100
- c) 6,000
- d) 6,050

(a) 50

Question 42

Which of the following is an internal cause of business cycles _____?

- a) Population growth
- b) Wars
- c) Natural factors
- d) Fluctuations in the effective demand

(d) Fluctuations in the effective demand

Question 43

Economics in terms of Dynamic Growth and development defined by _____

- a) Adam smith
- b) Robbins
- c) Alfred Marshall
- d) Paul A Samuelson

(d) Paul A Samuelson

Question 44

During _____ there is fall in level of investment and employment

- a) Boom
- b) Recovery
- c) Contraction
- d) Depression

(c) Contraction

Question 45

In capitalistic economy _____ and _____ will be more

- a) Equalities, non-exploitation
- b) Inequalities, exploitation
- c) Exploitation, equalities
- d) Non-exploitation, inequalities

(b) Inequalities, exploitation

Question 46

_____ are responsible for all economic problems

- a) Alternative resources
- b) Unlimited wants
- c) Scarcity of resources
- d) Others

(c) Scarcity of resources

Question 47

When NFIA is positive, then

- a) $GNP_{mp} < GDP_{mp}$
- b) $GNP_{mp} > GDP_{mp}$
- c) $GDP_{mp} < GNP_{mp}$
- d) $GDP_{mp} > GNP_{mp}$

(c) $GDP_{mp} < GNP_{mp}$

Question 48

GDP at Market Price =

- a) GDP at Factor cost plus net indirect taxes
- b) NNP at market price minus indirect taxes
- c) GNP at market price plus net factor income from abroad
- d) None

(a) GDP at Factor cost plus net indirect taxes

'This formula accounts for the total value of goods and services produced within a country's borders (GDP) plus net indirect taxes (indirect taxes minus subsidies).'

Question 49

Gross Value added at market price (GVAMP) =

- a) Value of Output + Change in stock
- b) Value of Output + Intermediate consumption
- c) Value of Output + Change in stock - Intermediate consumption
- d) Value of Output - Intermediate consumption

(d) Value of Output – Intermediate consumption

Value of Output: This is the total value of goods and services produced by an industry or sector.
Intermediate consumption: This represents the value of goods and services consumed as inputs in the production process.
 GVAmp measures the contribution of an industry or sector to the economy by calculating the difference between the total value of its output and the value of intermediate consumption (inputs used up in production)

Question 50

Disposable personal Income

- Total personal income left after tax deduction at source
- Personal Income - Direct Taxes paid by individual - indirect taxes paid by individual
- Personal income - personal income taxes - non tax payments
- Personal income - indirect taxes paid by individual

(c) Personal income - personal income taxes - non tax payments

Personal Income: This includes all income received by individuals from all sources, including wages, salaries, rental income, dividends, etc.

Personal Income Taxes: These are taxes paid by individuals on their personal income, such as income tax.

Non-tax Payments: These include non-tax deductions, such as social security contributions or other mandatory deductions.

DPI represents the income that individuals have available for consumption and saving after accounting for taxes and other mandatory deductions.

Question 51

Using the following information – 51 & 52

Year	Nominal GDP in crores (Rs)	Real GDP in Crores (Rs)
2020	600	600
2021	1050	650
2022	1250	850
2023	1500	940

Calculate the GDP Deflator for the year 2022 and 2023

- 147.06 & 159.57
- 100 & 161.54
- 68 & 62.67
- 400 & 560

(a) 147.06 & 159.57

GDP Deflator = $\text{Nominal GDP} / \text{Real GDP} \times 100$

GDP Deflator 2020 = $600 / 600 \times 100$

GDP Deflator 2023 = $1500 / 940 = 159.57$

GDP Deflator 2022 = $1250 / 850 = 147.06$

Question 52

The inflation rate between the years 2022 and 2023 is _____

- a) -7.84
- b) -8.51
- c) 8.51
- d) 7.84

(c) 8.51

Inflation rate between 2022 & 2023

GDP deflator 2023 - GDP deflator 2022 × 100

GDP deflator 2022

= $\frac{159.57 - 147.06}{147.06} \times 100 = 8.51\%$

Question 53

Income received by household sector including non-profit institution serving household is called _____

- a) Per capita income
- b) Personal income
- c) National income
- d) Disposal income

(b) Personal income

Personal income includes all income received by individuals from all sources, including wages, salaries, rental income, dividends, and transfer payments (such as social security benefits). It represents the total income available to individuals before personal taxes and other deductions.

Question 54

Joseph had a shoe company in US. The profits earned from its manufacturing unit operating in India will come under

- a) GDP of India and GNP of US
- b) GDP of US and GNP of India
- c) GNP of US and GNP of India
- d) GDP of US and GDP of India

(a) GDP of India and GNP of US GNP differs from GDP by including income that our citizens earn abroad and excluding income that foreigners earn here.

GDP (Gross Domestic Product): GDP measures the total value of goods and services produced within the borders of a country. The profits earned by Joseph's company in India contribute to India's GDP because they represent economic activity (profits) generated within India's territory.

GNP (Gross National Product): GNP measures the total value of goods and services produced by the residents of a country, regardless of where they are located. Since Joseph is a resident of the US, the profits earned by his company in India are included in the GNP of the US.

Therefore, the profits earned by Joseph's shoe company from its manufacturing unit in India contribute to the GDP of India (because they are earned within India's borders) and to the GNP of the US (because Joseph is a resident of the US).

Question 55

If nominal GDP and real GDP for the year 2015 are Rs.5000 crores and Rs.6700 crores respectively, then what will be the impact on change in prices with respect to base year?

- Prices will fall
- Prices will rise
- Not defined as base is year not given
- No effect on prices

(a) Prices will fall

Nominal GDP < Real GDP. Hence prices will fall.

Question 56

Which of the following is not a reason for leakages?

- Part of an increment in income used for making savings
- Distributed profits of corporation
- High liquidity preference
- Household expenditure for Goods and Services

(d) Household expenditure for Goods and Services

Leakages in economics refer to the withdrawals from the circular flow of income, which reduce the amount of money circulating in the economy. The main types of leakages are:

- **Savings:** When households save part of their income instead of spending it, that money is withdrawn from the immediate flow of expenditure on goods and services.
- **Taxes:** Money paid as taxes is also withdrawn from the flow, reducing the funds available for consumption or investment.
- **Imports:** Spending on imports sends money out of the domestic economy, representing another form of leakage.

Question 57

Find the aggregate demand, when consumption is Rs.2000 crores, investment is Rs.700 Crores, Government Spending is Rs.750 Crores, total exports is Rs.150 Crores and total expenditure on imports are 50 Crores.

- 3550 Cr
- 3300 Cr
- 3600 Cr
- 3350 Cr

$C = 2000$ crores, $I = 700$ crores
 $G = 750$ crores, $X = 150$ crores
 $AD = C + I + G + X - M$
 $= 2000 + 700 + 750 + (150 - 50)$
 $= 3550$ crores

Question 58

$C = 200 + 0.8Y_d$; $G = T = 150$; $I = 200$; $TR = 75$. Find equilibrium income.

- a) 625
- b) 2450
- c) 2250
- d) 800

(b) 2450

$$O = 200 + 0.8y_d, G = T = 150$$

$$I = 200, TR = 75$$

$$Y = C + I + G$$

$$C = 200 + 0.8(Y - 150 + 75)$$

$$Y = 200 + 0.8Y - 120 + 60 + 200 + 150$$

$$Y = 0.8Y + 490$$

$$Y - 0.8Y = 490$$

$$0.2Y = 490$$

$$Y = 490 / 0.2 \Rightarrow Y = 2450$$

Question 59

Which of the following is true for MPC?

- a) It is always greater than one
- b) It is always less than unity but greater than zero
- c) It can be even less than zero
- d) It can attain any value depending upon the disposable income

(b) It is always less than unity but greater than zero

This statement correctly describes MPC. MPC represents the portion of additional income that is spent on consumption, so it ranges from 0 to 1 (exclusive).

Question 60

Investment multiplier is the _____

- a) Rate of change in investment due to increase in income
- b) Rate of increase in the national income due to increase in the investment
- c) Rate of change in the investment due to increase in the savings
- d) Rate of change in savings due to increase in the investment

(b) Rate of increase in the national income due to increase in the investment

The investment multiplier shows how an initial increase in investment can lead to a larger final increase in national income or GDP.

It quantifies the total impact on national income when there is an initial injection of investment into the economy.

The multiplier effect occurs because the increase in investment leads to increased spending, which in turn increases income, leading to further rounds of spending and income generation.

Question 61

If aggregate demand for an amount of output is less than the full employment level of output in the economy, then it gives rise to

- a) Inflationary Gap
- b) Deflationary Gap
- c) Potential Gap
- d) Excess Demand

(b) Deflationary Gap

A deflationary gap occurs when aggregate demand (AD) is insufficient to create full employment output in the economy.

In other words, it represents a situation where the actual level of output produced is less than what could be produced at full employment (potential output).

This gap implies that there is unused productive capacity in the economy, leading to unemployment and underutilization of resources.

Question 62

Increase in investment by Rs500 crores will increase the national income by Rs.1500 crores. Can we find marginal propensity to consume?

- a) 3
- b) 0.75
- c) 0.70
- d) 0.66

(d) 0.66

$$AI = 500, AY = 1500$$

$$1/1-MPC = 1500/500$$

$$1/1-MPC = 3$$

$$1 = 3-3 MPC$$

$$1 - 3 = -3MPC$$

$$-2 = -3MPC = 2/3$$

Question 63

Allocative and Distributive functions of a government is a economic function.

- a) Micro
- b) Macro
- c) Both
- d) None

(a) Micro

Allocative Function: In microeconomics, the government plays a role in allocating resources efficiently. This involves ensuring that resources are allocated to their most productive uses, which can involve policies related to market regulation, subsidies, taxes, and public goods provision.

Distributive Function: This relates to the distribution of income and wealth within society.

Microeconomics examines how government policies, such as taxation, welfare programs, and transfer payments, impact the distribution of income among individuals and households.

Question 64

Who is responsible for the economic stabilization and the income redistribution in an economy?

- (a) State government
- (b) Central government
- (c) Central and state
- (d) Central, state, local bodies

(b) Central government

Economic Stabilization: The central government typically formulates and implements macroeconomic policies aimed at stabilizing the economy, such as fiscal policy (taxation and spending) and monetary policy (interest rates and money supply). These policies aim to control inflation, reduce unemployment, and promote overall economic stability.

Income Redistribution: Policies related to income redistribution, such as progressive taxation, social welfare programs, and transfer payments, are largely the domain of the central government. These policies aim to reduce income inequality and ensure a more equitable distribution of income and wealth within society.

While state governments and local bodies may have some roles in specific economic policies and programs, the primary responsibility for economic stabilization and income redistribution lies with the central government in most economies.

Question 65

When smoking is completely banned by the government in public places like bus stand, schools, parks etc., then it is an example of

- (a) Direct control on negative production externality.
- (b) Direct control on positive production externality.
- (c) Command solution
- (d) Direct control on positive consumption externality.

(c) Common solution

When the government imposes a complete ban on smoking in public places like bus stands, schools, and parks, it can be viewed as a command solution. Here's why:

A command solution refers to a direct regulatory or legislative action taken by the government to address a societal issue or problem. In this case, the government is mandating a specific behavior (no smoking) in designated public areas.

This approach contrasts with market-based solutions (like taxes or subsidies) or voluntary actions (like awareness campaigns) aimed at achieving the desired outcome.

Question 66

Externalities leads to market failure because

- (a) They always result in negative outcomes for markets causing market failure
- (b) They represent cost or benefit which are not reflected in the market price
- (c) They are always associated with public goods and services
- (d) They prevent the production of private goods harming mankind.

(b) They represent cost or benefit which are not reflected in the market price

Externalities refer to the costs or benefits that arise from economic activities but are not fully reflected in market prices. This means that the market price of a good or service does not capture all the social costs or benefits associated with its production or consumption.

When externalities exist, market prices do not accurately represent the true costs or benefits to society, leading to inefficient allocation of resources.

This inefficiency results in market failure because resources are not allocated in a way that maximizes societal welfare or utility.

Question 67

Fiscal federalism in India is maintained by?

- (a) Central Government
- (b) State government
- (c) RBI
- (d) Finance Commission

(d) Finance Commission

The Finance Commission of India is a constitutional body established under Article 280 of the Constitution of India. Its primary role is to recommend the distribution of tax revenues between the Union (central) government and the state governments.

The Finance Commission also recommends grants-in-aid to states and the principles governing the grants. These recommendations are aimed at promoting fiscal federalism by ensuring a fair distribution of fiscal resources between the central and state governments.

Through its recommendations, the Finance Commission helps in maintaining fiscal balance, stability, and equity in the federal structure of India.

Question 68

The policy designed to restrain the level of economic activities of the economy during the inflationary phase is known as

- (a) Expansionary fiscal policy
- (b) Contractionary fiscal policy
- (c) Taxation policy
- (d) Budgetary policy

(b) Contractionary fiscal policy

During an inflationary phase, where prices are rising, the economy may experience overheating and excessive demand.

Contractionary fiscal policy involves measures to reduce aggregate demand and restrain economic activities. This is typically achieved through:

- Increasing taxes to reduce disposable income and consumer spending.
- Decreasing government spending to reduce overall demand in the economy.

These measures aim to cool down the economy, curb inflationary pressures, and maintain price stability.

Question 69

In the period of sluggish economic activities, when the rate of utilization of resources is less, fiscal policy aims to compensate the deficiency in by boosting

- (a) Demand, private investment
- (b) Supply, export activities
- (c) Effective demand, aggregate spending
- (d) Production, supply

(c) Effective demand, aggregate spending

During periods of economic slowdown or recession, there is typically a deficiency in aggregate demand, leading to underutilization of resources (such as labor and capital).

Fiscal policy can intervene to stimulate the economy by increasing government spending and/or reducing taxes. These measures aim to boost effective demand (total demand for goods and services in the economy) and aggregate spending (total spending by households, businesses, and the government).

By boosting effective demand and aggregate spending, fiscal policy seeks to stimulate economic activities, increase production and consumption, and reduce unemployment.

Question 70

If Velocity=20, Average Price = 120 and volume of transactions T = 150Cr then money supply will be

- (a) 2500 Cr
- (b) 25 Cr
- (c) 900 Cr
- (d) 1000 Cr

(c) 900 Cr

$$V = 20, P = 120 T = 150\text{cr}$$

Fishers' equation of exchange

$$MV = PT$$

$$M (20) = 120(150) M = 900\text{crores}$$

Question 71

Which of the following is a fiat money?

- (a) Gold Coins
- (b) Silver Coins
- (c) Currency Notes
- (d) Gold coins, Silver Coins as well as currency notes

(c) Currency Notes

Currency notes are considered fiat money because their value is established by government decree (fiat) and they are accepted as legal tender for transactions.

Gold coins and silver coins (options a and b) are not fiat money because their value is based on the value of the metal they contain, not just on government decree.

Question 72

The transactionary demand for money is directly proportional to and is a positive function of

- (a) Level of price
- (b) Level of income
- (c) Level of demand
- (d) Level of interest rate

- (b) Level of income

As income levels increase, individuals and businesses typically have more transactions to conduct, such as purchasing goods and services.

With higher levels of income, the demand for money to facilitate these transactions also increases. Therefore, the transactionary demand for money is directly related to the level of income in the economy.

Question 73

People's desire to hold cash in order to be equipped to exploit any attractive investments opportunity requiring cash expenditure reflects

- (a) Transaction Motive
- (b) Speculative motive
- (c) Precautionary motive
- (d) Personal and business exchange

- (b) Speculative motive

Speculative Demand for Money: (Inverse function of rate of interest)

- a) People's desire to hold cash to exploit attractive investment opportunity requiring cash expenditure.
- b) People hold money balances to take advantage of future changes in rate of interest & bond prices.
- c) It is implicit in Keynes theory that the 'rate of interest' (i) is really the return on bond

Question 74

What does the concept of liquidity trap mean?

- (a) it is a situation where the desire to hold bonds is very low and approaches zero; and the demand to hold money in liquid form as an alternative approaches infinity
- (b) Even if the public fear adverse events (deflation, war), then they prepare to hold only bonds at a given rate of interest.
- (c) The speculative money demand curve becomes parallel to the Y axis
- (d) None

- (a) It is a situation where the desire to hold bonds is very low and approaches zero; and the demand to hold money in liquid form as an alternative approaches infinity
- In a liquidity trap, interest rates are very low (often near zero), and monetary policy becomes ineffective in stimulating economic activity.

At such low interest rates, individuals and businesses prefer to hold money (cash and highly liquid assets) rather than investing in bonds or other interest-bearing assets. This situation arises because the opportunity cost of holding money (which pays no interest) is perceived as very low compared to the risks and returns associated with investing in bonds or other assets.

As a result, despite low interest rates, the demand for money remains high (approaching infinity in extreme cases), and the demand for bonds (and other interest-bearing assets) is very low (approaching zero).

Question 75

Calculate broad money M3?

- (a) Currency with public + demand deposits with banks
- (b) Currency with public + demand deposits with banks + net time deposits with the banking system + Other deposits with RBI
- (c) Currency with public + Savings with government banks
- (d) Currency with public + Demand Deposits with banks + other deposits with RBI

(b) Currency with public + demand deposits with banks + net time deposits with the banking system
 $M1 = \text{Currency with the people} + \text{Demand deposits of banks} + \text{Other deposits of the RBI}$
 $M3 = M1 + \text{net time deposits with the banking system.}$

Question 76

Calculate currency with public

Particulars	(in crores)
Notes with public in circulation	23,26,500
currency of small coins in circulation	500
currency of rupee coins in circulation	34,500
cash in hand with banks	80,615

- (a) 22,80,885 Crores
- (b) 24,42,115 Crores
- (c) 22,45,885 Crores
- (d) 23,61,000 Crores

(a) Currency with public = Notes with public in circulation + Currency of small coins in circulation + Currency of rupee coins in circulation
 Currency with public = 23,26,500 + 500 + 34,500
 Currency with public = 23,61,500 – 80,615 = 22,80,885

Question 77

Money Multiplier means

- (a) It decreases the total money supply for a given monetary base
- (b) It dictates interest rates set by RBI
- (c) The ratio of money supply to monetary base
- (d) It controls amount of gold reserves held by bank

(c) The ratio of money supply to monetary base

Money multiplier is defined as a ratio of changes in the money supply to a given change in the monetary base, i.e., Money supply and high-powered money are related by the money multiplier.

Money Multiplier (m) = Money Supply / Monetary Base

Question 78

Which of the following is not a channel of monetary transmission mechanism?

- (a) Savings & investments channel
- (b) Cash Flow Channel
- (c) Exchange rate channel
- (d) International Trade Channel

d) International Trade Channel

While changes in monetary policy can indirectly influence international trade through their impact on exchange rates (option (c)), the direct influence on trade itself (option (d)) is more commonly associated with factors such as trade policy, tariffs, and global economic conditions rather than changes in domestic monetary policy.

Question 79

Open Market purchases of government securities by RBI will

- (a) Reduce the Money Supply
- (b) Reduce the reserves
- (c) Increase reserves
- (d) Reduce the reserves and there by reduces the money supply

(c) Increase reserves

When the RBI conducts open market purchases, it buys government securities from commercial banks and the public.

In return for these securities, the RBI credits the accounts of the sellers (usually commercial banks) with reserves held at the central bank.

These reserves are part of the monetary base and represent the money supply available in the banking system.

Therefore, open market purchases increase the reserves of commercial banks, providing them with more liquidity to lend and thereby potentially increasing the money supply in the economy.

Question 80

Theory of Comparative cost advantage is _____ in nature and it _____ takes into account of factor price difference

- (a) Positive; does
- (b) Normative; does not
- (c) Positive; does not
- (d) Normative; does

(b) Normative; does not

The Theory of Comparative Advantage is a normative economic theory that prescribes how countries should allocate their resources and specialize in production to maximize efficiency and welfare.

It does not directly consider factor price differences (such as differences in labor costs or capital costs) in its basic form. Instead, it focuses on relative opportunity costs and how countries should specialize based on these differences.

Normative theories provide recommendations or prescriptions about what should be done to achieve certain economic goals, rather than describing how things are in reality.

Question 81

Mercantilism advocates

- (a) Aggressive exports over imports to accumulate wealth
- (b) Comparative advantage
- (c) Absolute cost advantage
- (d) Factor endowment

- (a) Aggressive exports over imports to accumulate wealth

Mercantilism is an economic theory and practice that dominated Western European economic policies from the 16th to the 18th centuries.

It emphasizes the importance of accumulating wealth, particularly gold and silver, through a favorable balance of trade, where exports exceed imports.

Mercantilist policies typically included protectionist measures to promote exports and restrict imports, subsidies to domestic industries, and colonization to secure sources of raw materials.

The goal of these policies was to increase the wealth and power of the nation-state through trade surpluses and accumulation of precious metals.

Question 82

GATT was established in the year

- (a) 1945
- (b) 1948
- (c) 1995
- (d) 2014

- (b) 1948

GATT was established in 1948 with the primary goal of promoting international trade by reducing or eliminating trade barriers such as tariffs and quotas.

Question 83

Under WTO agreements, the countries cannot normally discriminate between their trading partners. This is referred to as

- (a) National Treatment (NT)
- (b) Most Favoured Nation (MFN)
- (c) Promoting Fair Competition (PFC)
- (d) Free Trade through negotiation (FTN)

- b) Most Favoured Nation (MFN)

The Most Favoured Nation (MFN) principle is a core principle of the World Trade Organization (WTO).

It requires WTO member countries to treat all other member countries equally regarding tariffs and other trade restrictions. Any advantage, favor, privilege, or immunity granted to one country must be extended to all other WTO member countries.

This principle promotes non-discrimination in international trade relations and helps ensure that trade barriers are not used selectively against specific trading partners.

National Treatment (NT) refers to the principle of treating foreign goods and services no less favorably than domestic goods and services once they have entered the domestic market, not discriminating against foreign products after they have crossed the border.

Question 84

Group of countries that have a free trade agreement between themselves and may apply a common external tariff to other countries is referred as

- (a) Trading Block
- (b) Free-trade area
- (c) Customs union
- (d) Economic and monetary union.

(a) Trading Block

A trading bloc, also known as a trade bloc or trading block, refers to a group of countries that have established a preferential trade arrangement among themselves. Within a trading bloc:

Member countries typically agree to reduce or eliminate tariffs and other trade barriers on goods and services traded among them.

They may also coordinate their trade policies, such as imposing a common external tariff (CET) on imports from non-member countries.

The term "trading block" or "trade bloc" is more general and encompasses various types of trade agreements, including free-trade areas, customs unions, and economic and monetary unions.

Question 85

A total ban imposed by the government on imports or export of some or all commodities to particular country or regions for a specified or indefinite period is termed as

- (a) Embargos
- (b) Safeguard measure
- (c) Distribution restrictions
- (d) Restrictive measures

(a) Embargos

Embargoes are trade barriers that restrict or prohibit trade with another country or countries, usually for political reasons or due to security concerns. They can apply to specific goods or to trade across all sectors.

Question 86

Which of the following is levied as a fixed/constant percentage on the money value of an imported or exported good?

- (a) Advalorem Tariff
- (b) Compound Tariff
- (c) Specific Tariff
- (d) Bound Tariff

(a) Advalorem Tariff

This tariff is calculated as a percentage of the value of the imported or exported goods. For example, if the advalorem tariff rate is 10%, and the value of an imported product is \$100, the tariff amount would be \$10.

Question 87

Which of the following is not a negative outcome of tariff?

- (a) Decreases revenue to the government
- (b) Producers of the importing country increases the well being
- (c) Domestic consumers suffer a loss in consumer surplus
- (d) By ignoring comparative advantage, tariffs discourage efficient production in the rest of the world

(b) Producers of the importing country increases the well being

Tariffs increase government revenues, producer surplus and discourage consumer surplus and also efficient production in the rest of the world.

Question 88

An increase in Real Effective Exchange Rate indicates

- (a) A loss in trade competitiveness
- (b) An increase in trade competitiveness
- (c) Exports become more cheaper
- (d) Imports become more costlier

(a) A loss in trade competitiveness

The Real Effective Exchange Rate (REER) measures the value of a country's currency against a weighted average of several foreign currencies, adjusted for inflation.

An increase in the REER means that the country's currency has appreciated in real terms relative to its trading partners.

A stronger currency (appreciation) makes a country's exports more expensive for foreign buyers, potentially reducing export competitiveness in international markets.

Conversely, imports become cheaper for domestic consumers when the REER increases, as their purchasing power increases relative to foreign currencies.

Question 89

Number of units of a foreign currency can be exchanged for one unit of local currency is referred to as _

- (a) Direct Quote
- (b) Indirect Quote
- (c) European Currency
- (d) Cross Quotes

(b) Indirect Quote

In an indirect quote, the price of one unit of foreign currency is expressed in terms of the local currency.

For example, if the exchange rate for USD (US Dollar) to EUR (Euro) is 1.20, it means that 1 US Dollar can be exchanged for 1.20 Euros.

This type of quote is commonly used in many countries, including the United States and Europe.

Question 90

Not a component of FDI according to IMF:

- (a) Equity capital
- (b) Reinvestment earnings
- (c) Portfolio investments
- (d) Intra company loans

- (c) Portfolio investments

Components or Instruments of Fdi:

Equity capital

Reinvested earnings

Intra-company loans between direct investors (parent enterprises) and affiliate enterprises

Question 91

E-amrit is related to ____

- (a) One-stop destination for all information on electric vehicles
- (b) Facilitates and improve access to Indian government data
- (c) Improves air quality in India by accelerating the deployment of electronic vehicles.
- (d) Provides a stimulus to exports and economic growth

- (a) One-stop destination for all information on electric vehicles

It serves as a centralized platform providing comprehensive information and resources related to electric vehicles, aiming to facilitate awareness, adoption, and support for electric mobility in India.

Question 92

Which revolution was materialized by innovative farm technologies including high yielding seed varieties and intensive use of water, fertilizers & pesticides?

- (a) The Green revolution
- (b) The Kisan revolution
- (c) The Agriculture revolution
- (d) The Fasal revolution

- (a) The Green revolution

The Green Revolution refers to the significant increase in agricultural production that occurred in the mid-20th century, primarily due to the adoption of modern agricultural techniques and technologies. These included the development and dissemination of high-yielding varieties of seeds (HYVs), increased use of irrigation, synthetic fertilizers, and pesticides. This revolution led to a substantial increase in crop yields and helped alleviate food shortages in many parts of the world.

Question 93

PM Gati Shakti is related to

- (a) Empowerment of MSMEs
- (b) Data based decisions related to integrated planning of multimodal infrastructure there by reducing the logistic cost.
- (c) Manufacturing of electric and hybrid vehicle technology
- (d) Automatic route for FDI

(b) Data based decisions related to integrated planning of multimodal infrastructure there by reducing the logistic cost.

PM Gati Shakti is a government initiative aimed at enhancing the efficiency and coordination of infrastructure projects in India. It focuses on integrated planning and implementation of infrastructure projects across various modes of transport (such as roads, railways, waterways, and airports) to reduce logistics costs and improve connectivity.

Question 94

Which of the following Sector contributes maximum to India's Gross value added?

- (a) Primary sector
- (b) Secondary sector
- (c) Tertiary sector
- (d) All of the above

(c) Tertiary sector

In India, the tertiary sector, also known as the services sector, contributes the highest share to the Gross Value Added (GVA). This sector includes activities such as trade, transport, communication, finance, hospitality, education, healthcare, and other services.

Question 95

APEDA- full form

- (a) Agricultural product export development agency
- (b) Agricultural produce economic development association
- (c) Animal product export development authority
- (d) Agricultural & processed food export development authority

(d) Agricultural & processed food export development authority

Agricultural and Processed Food Export development authority (APEDA) responsibility of export promotion of Agri-products

Question 96

What does the E-NAM (Electronic National Agriculture Market) aim to achieve?

- (a) Increase farm productivity
- (b) Create a unified national market for agricultural commodities
- (c) Provide financial support to farmers
- (d) Promote organic farming

(b) Create a unified national market for agricultural commodities

E-NAM is an online trading platform that facilitates farmers to sell their agricultural produce through competitive online bidding. It aims to create a unified national market by integrating existing APMC (Agricultural Produce Market Committee) mandis across the country into a single electronic platform. This helps in ensuring better price discovery for farmers, reducing intermediaries, and promoting efficient agricultural marketing practices.

Question 97

Which of the following is incorrect?

- (a) The central problem in economics is that allocating scarce resources in such a manner that society's unlimited needs are satisfied as well as possible.
- (b) In mixed economy, the government and the private sector interact in solving the basic economic questions.
- (c) Microeconomics best describes the study of the behaviour of individual agents.
- (d) An important theme in economics is that market systems are better than command (socialist) economics.

(d) An important theme in economics is that market systems are better than command (socialist) economics.

Economics as a discipline does not universally claim that market systems are inherently "better" than command (socialist) economies. Instead, economics analyses the strengths and weaknesses of different economic systems, including market, command, and mixed economies, recognizing that each has its own advantages and disadvantages depending on context and societal goals.

Question 98

The domestic product is estimated on the basis of prevailing prices, it is called

- (a) GDP at current price
- (b) GDP at constant price
- (c) GDP at market price
- (d) None of the above

(a) GDP at Current Price

GDP at Current Price refers to the Gross Domestic Product measured using the prices that are prevailing in the market during the year in which the output is produced.

Question 99

In the kinked demand curve model of oligopoly, if a firm raises its price, rivals are expected to:

- (a) Raise their prices as well
- (b) Lower their prices
- (c) Keep their prices constant
- (d) Any of the above

(c) Keep their prices constant

The kinked demand curve model assumes that rivals will not match a price increase, fearing a loss of market share.

Question 100

A monopolist can sell 10 units of a product at a price of ₹20. To sell 11 units, the monopolist must lower the price to ₹19. What is the marginal revenue of the 11th unit?

- (a) ₹20
- (b) ₹19
- (c) ₹9
- (d) ₹1

(c) ₹9

Total revenue from 10 units is ₹200. Total revenue from 11 units is ₹209. Marginal revenue is the change in total revenue, which is ₹9.