

# CA Foundation - Business Economics

Question Paper Analysis - May 2026

Booklet Code: ZGH | Total Questions: 100 | Total Marks: 100 | Duration: 2 Hours | Negative Marking: 0.25

## Section 1: Question-wise Analysis

1	Conspicuous goods - prestige/status articles	Demand Analysis	1	Easy	(B)
2	Income elasticity = 0.5, nature of good	Elasticity	1	Easy	(D)
3	Not a set of complementary goods	Demand Analysis	1	Easy	(D)
4	Price elasticity calculation (Price Rs.10 to Rs.6, Qty 10 to 20)	Elasticity	1	Medium	(D)
5	Cross price elasticity - sugar and coffee	Elasticity	1	Medium	(B)
6	Types of cost in business economics	Production & Cost	1	Easy	(C)
7	Making job contents interesting - objective of organization	Demand Analysis	1	Easy	(D)
8	Factor of production - part of wealth used for further wealth	Production & Cost	1	Easy	(C)
9	Maximum output with given inputs under technical knowledge	Production & Cost	1	Easy	(B)
10	Firm changes product line or machinery - type of cost	Production & Cost	1	Medium	(B)
11	Variable cost in short run	Production & Cost	1	Easy	(B)
12	Essential elements of a market	Market Structure	1	Easy	(A)
13	Three stages of law of variable proportion	Production & Cost	1	Easy	(C)
14	Firm earns zero economic profit condition	Market Structure	1	Easy	(A)
15	Goods sold based on product differentiation - oligopoly type	Market Structure	1	Easy	(B)
16	Duopoly - correct statement	Market Structure	1	Easy	(A)
17	Group of firms explicitly colluding - referred to as	Market Structure	1	Easy	(B)
18	Theory of Games - developed by	Market Structure	1	Easy	(C)
19	Supernormal profit selling price calculation	Market Structure	1	Hard	(B)
20	Business cycle phase with rapid rise in output prices	Business Cycles	1	Easy	(B)
21	Unemployment, corporate profit, labour cost - type of indicator	Business Cycles	1	Easy	(A)
22	Difference between market price and factor cost for GDP	National Income	1	Easy	(B)
23	Not an internal cause of business cycle	Business Cycles	1	Easy	(A)
24	Not an example of coincident economic indicator	Business Cycles	1	Medium	(A)
25	MPC calculation - national income rises Rs.2000 cr, investment Rs.1600 cr	National Income	1	Medium	(A)
26	MPC when income changes Rs.300 to Rs.400 crore (table)	National Income	1	Medium	(C)
27	APS when income is Rs.500 crore (table)	National Income	1	Medium	(D)
28	Pair of components common to all sector-models	National Income	1	Easy	(C)
29	Tax levied by State Government	Public Finance	1	Easy	(B)
30	Phase when expansionary fiscal policy is appropriate	Public Finance	1	Easy	(D)
31	Not responsibility of Central but State Government	Public Finance	1	Easy	(C)

32	Surcharge on duties based on which Article of Constitution	Public Finance	1	Easy	(A)
33	Not a criteria for distribution of central taxes 2021-2026	Public Finance	1	Medium	(D)
34	Government spending not contributing to GDP - redistribution	Public Finance	1	Easy	(C)
35	Rate set by MPFA - maximum tolerable rate by RBI	Money & Banking	1	Easy	(B)
36	Credit multiplier = 4, required reserve ratio	Money & Banking	1	Easy	(B)
37	Controlling credit by not lending to selective industries	Money & Banking	1	Easy	(C)
38	Money supply increases Rs.750 cr, injection Rs.250 cr - multiplier	Money & Banking	1	Medium	(C)
39	Currency with public calculation	Money & Banking	1	Hard	(A)
40	Not an assumption of Absolute Advantage Theory	International Trade	1	Easy	(B)
41	Tariff bringing imported price to domestic support price level	International Trade	1	Easy	(D)
42	Non-technical measure - temporarily limit imports due to injury	International Trade	1	Easy	(A)
43	Tariff based on specific contents of imported goods	International Trade	1	Easy	(B)
44	Measures restricting quantity of goods imported - any source	International Trade	1	Easy	(C)
45	Interest rate liberalization - associated economic reforms	Indian Economy	1	Medium	(A)
46	Pan India electronic portal networking APMC mandis	Indian Economy	1	Easy	(C)
47	Primary sector measure for income support to farmers	Indian Economy	1	Easy	(A)
48	Policy focused on empowerment of MSMEs	Indian Economy	1	Medium	(D)
49	Area related to macroeconomics	National Income	1	Easy	(C)
50	Does not relate to central economic problem	Demand Analysis	1	Easy	(C)
51	Consumer sovereignty - feature of which economic system	Demand Analysis	1	Easy	(A)
52	Mixed economy in real world comprises of	Demand Analysis	1	Easy	(B)
53	Right to work guaranteed, choice of occupation restricted	Demand Analysis	1	Easy	(B)
54	New quantity demanded - price falls Rs.200 to Rs.150, PED = 2.5	Elasticity	1	Hard	(A)
55	Demand curve slopes upward - which scenario	Demand Analysis	1	Easy	(A)
56	Arc elasticity - P1=15, P2=20, Q1=50, Q2=75	Elasticity	1	Hard	(B)
57	Demand curve touches vertical axis - horizontal at price	Elasticity	1	Easy	(A)
58	Not a true property of Indifference Curve	Demand Analysis	1	Easy	(A)
59	Marginal cost of 5th unit (from table)	Production & Cost	1	Easy	(A)
60	AVC when 3 units produced (from table)	Production & Cost	1	Easy	(B)
61	ATC when 4 units produced (from table)	Production & Cost	1	Easy	(C)
62	Marginal revenue of 4th unit (from table)	Market Structure	1	Easy	(D)
63	Factors determining type of market	Market Structure	1	Easy	(D)
64	AR when MR=15, price elasticity=1.5	Market Structure	1	Hard	(C)
65	Markets with homogeneous products - perfect substitutes	Market Structure	1	Easy	(D)
66	Industry and firm are identical in which market	Market Structure	1	Easy	(A)
67	Market classification based on volume of business	Market Structure	1	Medium	(C)

68	Market exploitative - government needs to regulate	Market Structure	1	Easy	(B)
69	Not a characteristic of oligopoly market	Market Structure	1	Easy	(C)
70	Fall in investment and employment - supply exceeding demand - phase	Business Cycles	1	Easy	(D)
71	Calculate subsidies (NI=4500, NNP at MP=4800, Indirect taxes=350)	National Income	1	Hard	(C)
72	Method measuring NI by summing factor incomes	National Income	1	Easy	(D)
73	GDP deflator - Real GDP=4500, Nominal GDP=6750	National Income	1	Medium	(A)
74	NNP at MP when NNP at FC=15000, indirect taxes=450, subsidies=250	National Income	1	Medium	(B)
75	Equilibrium income - $S = -20 + 0.25Y$ , $I = 100$	National Income	1	Hard	(C)
76	National income calculated after reducing intermediate purchases	National Income	1	Easy	(A)
77	Distinguishes National from Domestic in national income	National Income	1	Easy	(D)
78	Condition for national income equilibrium expression	National Income	1	Easy	(B)
79	Relationship between MPC, MPS and investment multiplier	National Income	1	Easy	(A)
80	Income not spent on consumption - referred to as out of stream	National Income	1	Easy	(D)
81	Not responsible for public debt management in India	Public Finance	1	Easy	(A)
82	Not a non-tax revenue under public finance	Public Finance	1	Medium	(D)
83	Undisciplined students disrupting lectures - example of	Public Finance	1	Easy	(C)
84	Fiscal deficit calculation	Public Finance	1	Hard	(D)
85	Not a general characteristic of money	Money & Banking	1	Easy	(A)
86	Transactions demand for money - Keynes equation	Money & Banking	1	Easy	(B)
87	Degree of adoption of banking habits - measured by	Money & Banking	1	Easy	(D)
88	Notified CPI inflation target Aug 2016 to Mar 2021	Money & Banking	1	Easy	(B)
89	Two media for storing value - Liquidity Preference approach	Money & Banking	1	Easy	(A)
90	Not a feature of Modern Theory in international trade	International Trade	1	Easy	(B)
91	Sector with highest labour productivity in India	Indian Economy	1	Easy	(B)
92	Full form of ECLGS	Indian Economy	1	Easy	(B)
93	Not responsible for radical economic reforms 1991	Indian Economy	1	Easy	(C)
94	Max FDI under automatic route - food products e-commerce	Indian Economy	1	Medium	(C)
95	Not a core industry of ICI in Indian economy	Indian Economy	1	Easy	(D)
96	Real exchange rate calculation	International Trade	1	Hard	(C)
97	Does not give rise to FDI	International Trade	1	Easy	(B)
98	Gulf Cooperation Council - type of regional trade agreement	International Trade	1	Medium	(A)
99	Not associated with exchange rate depreciation	International Trade	1	Easy	(C)
100	Post-independence philosophy related to cottage industry	Indian Economy	1	Easy	(D)

## Section 2: Chapter-wise Weightage

1	National Income	16	16	16%	Very High
2	Market Structure	15	15	15%	Very High
3	Public Finance	10	10	10%	High
4	Money & Banking	10	10	10%	High
5	International Trade	10	10	10%	High
6	Indian Economy	10	10	10%	High
7	Demand Analysis	9	9	9%	Medium
8	Production & Cost	9	9	9%	Medium
9	Elasticity	6	6	6%	Low
10	Business Cycles	5	5	5%	Low

### Section 3: High Weightage Chapters - Key Topics to Focus

<b>National Income (16%)</b>	GDP methods (Value Added, Income, Expenditure), GDP deflator, NNP at MP and FC, NI equilibrium ( $S=I$ ), MPC, MPS, investment multiplier, circular flow, leakages and injections, NFIA
<b>Market Structure (14%)</b>	Perfect competition (zero profit, $P=\min ATC$ ), monopoly (firm=industry), oligopoly (cartel, game theory, AR-MR formula), duopoly, market elements and classification
<b>Production &amp; Cost (11%)</b>	Law of variable proportion (3 stages), production function, fixed/variable/semi-variable costs, MC/AVC/ATC calculations from table, factors of production, incremental cost
<b>Demand Analysis (11%)</b>	Types of goods (Giffen, Veblen/conspicuous, inferior, normal, complementary), IC properties, central economic problems, economic systems (capitalist, socialist, mixed), consumer sovereignty
<b>Elasticity (8%)</b>	Price elasticity of demand (formula and calculation), income elasticity, cross price elasticity, arc elasticity formula, zero/unitary/infinite elasticity, upward sloping demand curve
<b>Money &amp; Banking (10%)</b>	Money multiplier, required reserve ratio, $L_r = kY$ (Keynes), Liquidity Preference Theory, MPFA inflation target (4%), selective credit control, currency with public formula, Currency-Deposit Ratio
<b>Public Finance (8%)</b>	Centre vs State taxation, transfer payments, fiscal deficit calculation, Finance Commission criteria (2021-26), Article 271, externalities (positive/negative), SEBI vs RBI roles
<b>International Trade (8%)</b>	Absolute Advantage theory assumptions, types of tariff (variable, ad valorem, specific), safeguard measures, FDI types, real exchange rate formula, Modern Theory, GCC
<b>Indian Economy (7%)</b>	1991 reform causes, E-NAM portal, PM-KISAN, ECLGS full form, financial sector reforms, FDI limits in food e-commerce (100%), 8 core industries of ICI, Gandhian philosophy
<b>Business Cycles (7%)</b>	Phases (prosperity, recession, contraction, depression), coincident/leading/lagging indicators, internal vs external causes of business cycle, expansionary fiscal policy timing

Note: All questions carry 1 mark each. Negative marking of 0.25 marks applies for each wrong answer. Unattempted questions carry zero marks.