

KS ACADEMY
CA - FND BATCH-D,J SAP EXAM
ECONOMICS

Roll Number

Time Allowed: 30Mins

Total Number of Questions: 20

Code...CAFND

Total number of Printed Page: 03

Maximum Marks: 20

Answer Key

Candidate are required to answer all the questions

Part-A MCQ (Each Carries 1Marks)

1. The business Cycles or the periodic booms and slumps in economic activities reflect the _____ in economic activities.
(a) Upward movements
(b) Downward movements
(c) **Upward and downward move-ments**
(d) Extreme rise
2. _____ state continues till there is full employment of resources and production is at its maximum possible level using available productive resources.
(a) **Expansion**
(b) Peak
(c) Contraction
(d) Depression
3. The trough of a business cycle occurs when _____ hits its lowest point.
(a) Inflation in the economy
(b) The money supply
(c) **Aggregate economic activity**
(d) The unemployment rate
4. Which of the following is not an example of coincident indicator?
(a) Industrial production
(b) Inflation
(c) Retail sales
(d) **New orders for plant and equipment**
5. Leading economic indicators _____.
(a) Are used to forecast probable shifts in economic policies
(b) **Are generally used to forecast economic fluctuations**
(c) Are indicators of stock prices existing in an economy
(d) Are indicators of probable recession and depression
6. Which of the following macro economic variables would you include in an index of leading economic indi-cators?
(a) Employment
(b) Inflation
(c) Real interest rates
(d) **Presidential investment**

7. Fashion Retailer is business of?
- (a) **Cyclical business**
 - (b) Sun rise business
 - (c) Sluggish business
 - (d) None of these
8. In the later stages of expansion, inputs are difficult to find as they are _____ of their demand and there-fore & input prices _____.
- (a) **Short, increase**
 - (b) Excess, increases
 - (c) Short, decrease
 - (d) Excess, decrease
9. _____ is the severe form of _____.
- (a) Depression, Recovery
 - (b) **Depression, Recession**
 - (c) Recession, Depreciation
 - (d) Recession, Recovery.
10. Which of the following statement is False?
- (a) No economy follows a perfectly timed Cycle.
 - (b) Business Cycles vary in intensity and length.
 - (c) There is no set pattern which Business Cycles follow.
 - (d) **Every Business Cycle has relatively longer period.**
11. Which of the following is not a characteristic of business cycles _____.
- (a) Business cycles have serious consequences on the well being of the society.
 - (b) Business cycles occur periodically, although they do not exhibit the same regularity.
 - (c) **Business cycles have uniform characteristics and causes.**
 - (d) Business cycles are contagious and unpredictable.
12. Business Cycles are exceedingly Complex phenomena because.
- (a) They do not have uniform characteristics and causes.
 - (b) They are caused by varying factor.
 - (c) It is difficult to make an accurate prediction of trade cycles before their occurrence.
 - (d) **All of the above**
13. The disturbances in one or more Sectors _____ other Sectors.
- (a) Do not affect
 - (b) Equally affect
 - (c) **Gets easily transmitted to all**
 - (d) None of the above.

14. Which internal factor affect the Business cycle?
(a) Fluctuations in investment
(b) Natural factors
(c) Technology shocks
(d) Population growth
15. Whose statement out of these is false?
(a) Hawtrey - "Trade cycle is purely Monetary phenomena"
(b) Keynes - "Fluctuations in aggre-gate Demand"
(c) Pigou - "Fluctuations in invest-ment"
(d) Schumpeter - "Innovations"
16. Endogenous factors refers to _____ causes:
(a) Internal
(b) External
(c) Economic
(d) Ecological
17. _____ theory holds that business cycles result from the fact that present prices substantially influence the production at some future date.
(a) Schumpeter's
(b) Hawtrev's
(c) Cobweb
(d) Pigou's
18. According to _____, modern business activities are based on the anticipations of business Community and one affected by waves of optimism or pessimism.
(a) Pigou
(b) Schumpeter
(c) Adam Smith
(d) Hawtrey
19. In a free market economy, where maximization of profits is the aim of business, a higher level of aggregate demand will induce businessmen to produce more. As a request, there will be more _____.
(a) Output
(b) Income
(c) Employment
(d) All of these
20. In case of softening of interest rates, _____.
(a) There will be inflationary effects and increase in unemployment rates.
(b) There will be deflationary effects and increase in unemployment rates.
(c) There will be inflationary effect and decline in employment rates.
(d) There will be deflationary effects and decline in employment rates.