

CA FOUNDATION

CA PRACTICE LEAGUE

BUSINESS ECONOMICS

T-20

By- LOVE KAUSHIK SIR



Answer → Poll Start ✓

↓
Comment

a, b, c, d → once

✓
Top 25

↓
Delhi - 1718

Jaipur, 1,2

Patna 25, 26

Screenshot

Phone

Place

Raju

8888

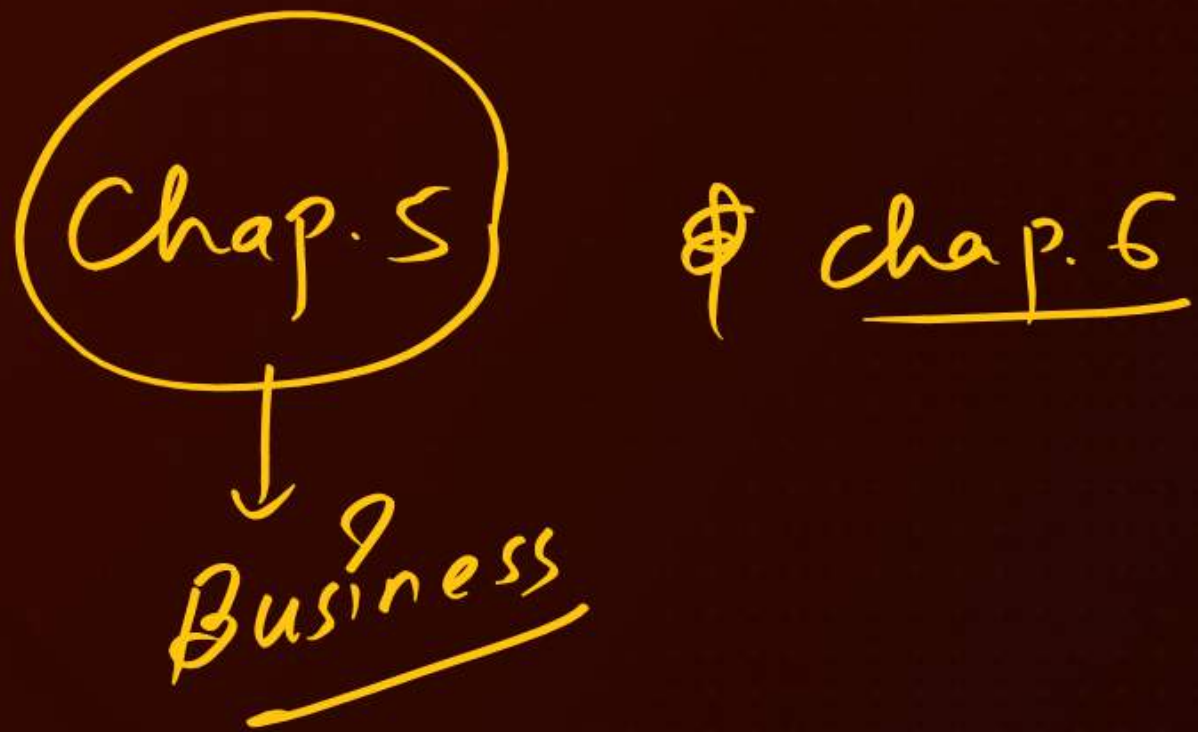
Delhi

Before

8pm

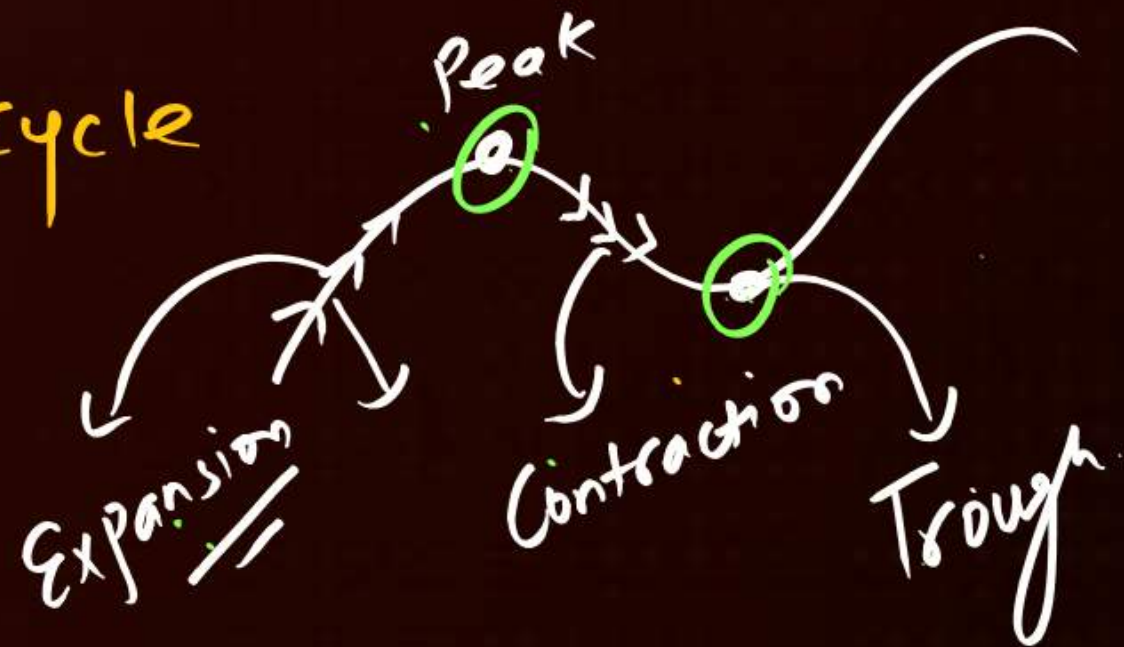
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Love Kaushik. Ecomanian



Chapter - 5

Business cycle | Trade cycle



#Q. Increase in national output and other economic variable is a characteristic of in Business cycles

(PYQ Jun 23)

Phase

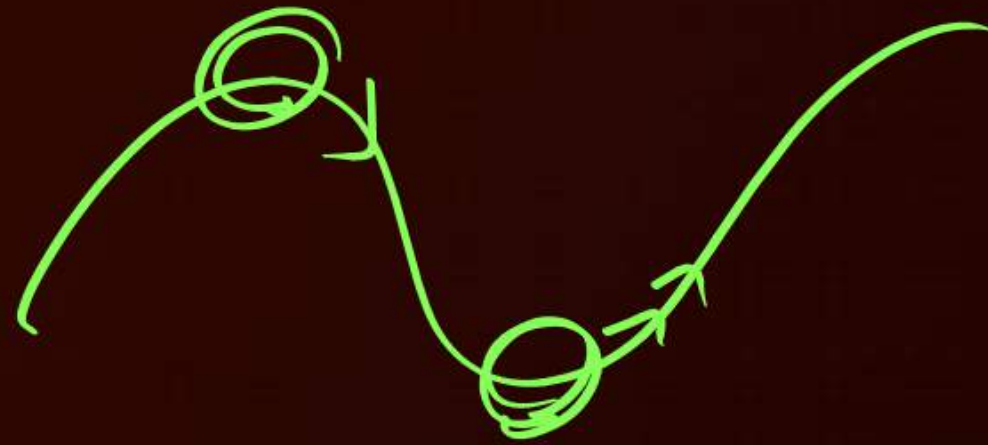
O/t ↑
GDI ↑

- A** Trough
- B** Depression
- C** Contraction
- D** Expansion

D

#Q. Peaks and troughs of the business cycle are known collectively as _____ (PYQ Jun 23)

- A Volatility
- B Turning points
- C Equilibrium points
- D Real business cycle events



QUESTION

#Q. Peak is the _____ stage of expansion. ✓

(MTP Jun 22, May 23)

- A** Later (A)
- B** Earlier
- C** Either (A) or (B)
- D** None of the above



#Q. Decrease in input demand ✓

(MTP Nov 22, MTP Jun 22)

DD → Raw

- A** Doesn't affect inputs prices
- B** Pushes inputs prices up
- C** Pulls inputs prices down ↓ C
- D** Either (B) or (C)

#Q. Expansion phase of business cycle depicts characteristics except

Show

(PYQ Jun 22)

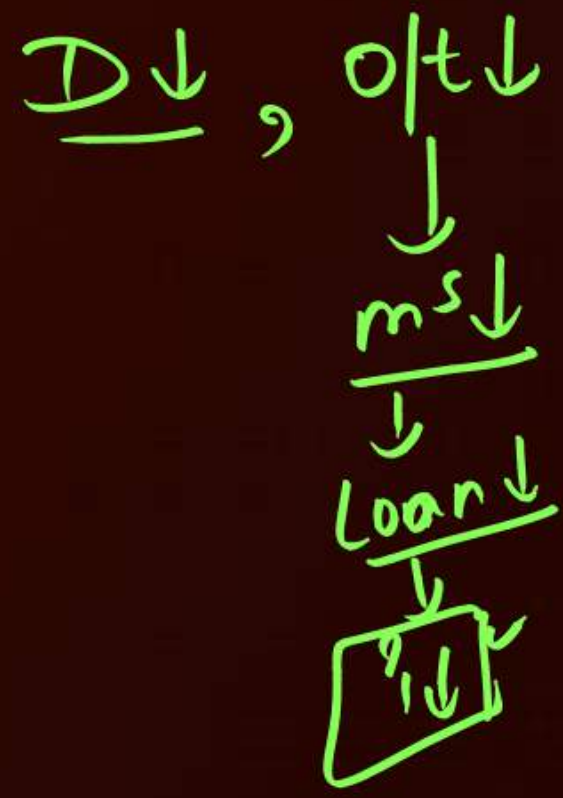
Emp. ↑

- A** Consumer spending on goods and services tend to rise
- B** Business confidence tends to rise
- C** Interest rates and profits tend to rise
- D** Unemployment trends to rise **D**

#Q. A typical feature of depression is _____ in the interest rate. (PYQ Jun 22)

$i \uparrow, \downarrow$

- A Rise ✓
- B Constant ✓
- C Fall ✓ C
- D Infinity ✓



#Q. Actual demand stagnates in which of the following stage of a business cycle?

(PYQ Jun 22)

Slow ↓

- A** Expansion
- B** Peak
- C** Contraction
- D** Recovery

#Q. In which stage of the business cycle involuntary unemployment is almost zero?

(PYQ Jun 22)

- A** Expansion ^(A)
- B** Peak *✓*
- C** Contraction
- D** Recovery

Frictional
Structural



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Chapter - 6

National income

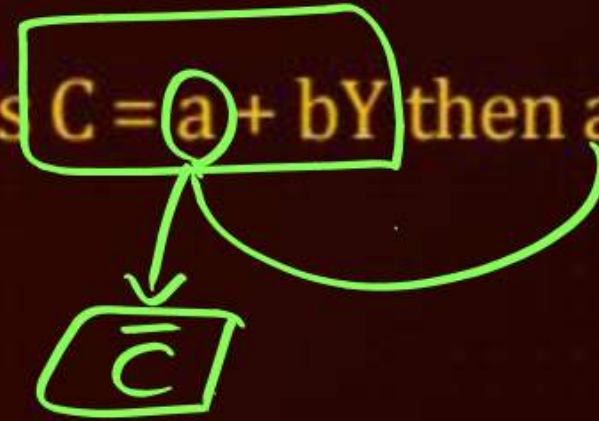
#Q. If the consumption function is expressed as $C = a + bY$ then b represents (ICAI SM)

$$C = 100 + 0.8y$$

$$MPC = \frac{\Delta C}{\Delta Y}$$

- A** Autonomous consumer expenditure when income is zero \times (a)
- B** The marginal propensity to consume (B)
- C** The expenditure multiplier when consumption is increased
- D** Part of disposable income \neq

#Q. If the consumption function is expressed as $C = a + bY$ then a represents (ICAI SM)



- A** Autonomous consumer expenditure **A**
- B** The marginal propensity to consume
- C** The consumption income relationship
- D** Non-linear consumption function

#Q. Under equation $C = a + by$, $b = 0.8$, what is the value of 2 sector expenditure multiplier?

\downarrow
investment multiplier

\downarrow MPC

(ICAI SM)

$$k = \frac{1}{1-b} = \frac{1}{1-0.8} = \frac{1}{0.2} = 5$$

A

4

B

2

C

5

D

1

#Q. Gross National Product at market prices GNP at MP is

(ICAI SM)



- A** $\text{GDP MP} + \text{Net Factor Income from Abroad} = \text{GNP MP}$ **(A)**
- B** $\text{GDP MP} - \text{Net Factor Income from Abroad}$ ✓
- C** $\text{GDP MP} - \text{Depreciation} = \text{NDP MP}$
- D** $\text{GDP MP} + \text{Net Indirect Taxes}$

#Q. If net factor income from abroad is positive, then

(ICAI SM)

$$\underline{NFIA = (+)}$$

$$\begin{array}{r} 10 \\ \text{Domestic} \\ 10 \end{array} + \begin{array}{r} (+) \\ 2 \\ -2 \end{array} \text{NFIA} = \begin{array}{r} 12 \\ \text{National} \\ 8 \end{array}$$

- A** National income will be greater than domestic factor incomes **A**
- B** National income will be less than domestic factor incomes
- C** Net exports will be negative
- D** Domestic factor incomes will be greater than national income

#Q. The GDP per capita is

Person

(ICAI SM)

- A** A measure of a country's economic output per person ✓
- B** Actual current income receipts of persons
- C** National income divided by population ✓
- D** (A) And (C) above D

#Q. Which of the following is an example of transfer payment?

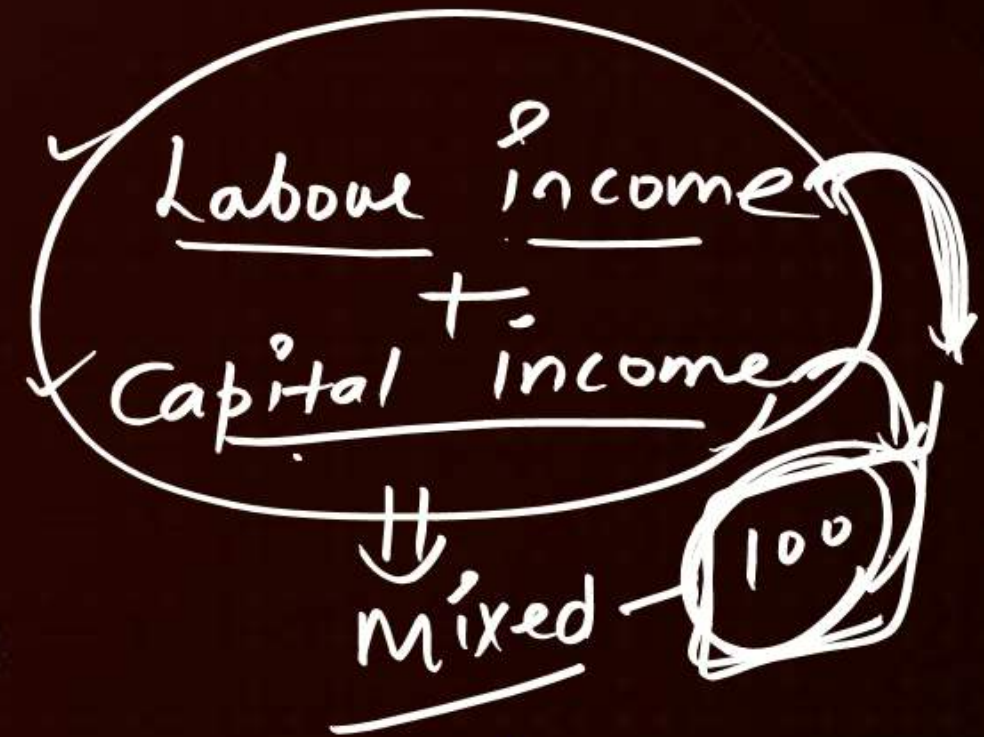
(ICAI SM)

- A Old age pension and family pension ✓
- B Scholarships given to deserving diligent students ✓
- C Compensation given for loss of property due to floods ✓
- D All the above (D) ✓

#Q. Mixed income of the self-employed means

(ICAI SM)

- A** Net profits received by self - employed people
- B** Outside wages received by self - employed people
- C** Combined factor payments which are not distinguishable C
- D** Wages due to non-economic activities



#Q. The word gross means :

- A** Inclusive of NFIA
- B** Inclusive of indirect tax
- C** Exclusive of depreciation
- D** Inclusive of depreciation

$$FC + NIT = MP$$

$$\text{Domestic} + \text{NFIA} = \text{National}$$

$$\boxed{\text{Net} + \text{Dep}} = \underline{\text{Gross}}$$

#Q. The output at current year price is called:

GDP

- A** Nominal GDP **A**
- B** Real GDP ✓
- C** National GDP ✗
- D** None of the above ✗

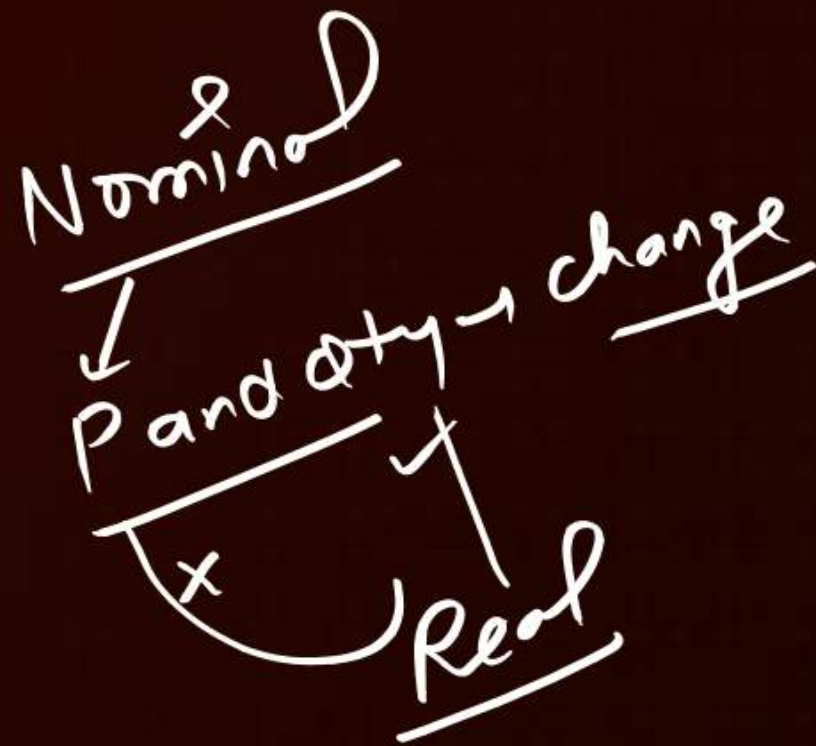
QUESTION



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#Q. Real GDP shows :

- A** Change in price only
- B** Change in output only
- C** Change in both price and output
- D** None of the above



Top 25 → Screenshot

→ Name
→ Contact

→ Place

Delhi

Patna

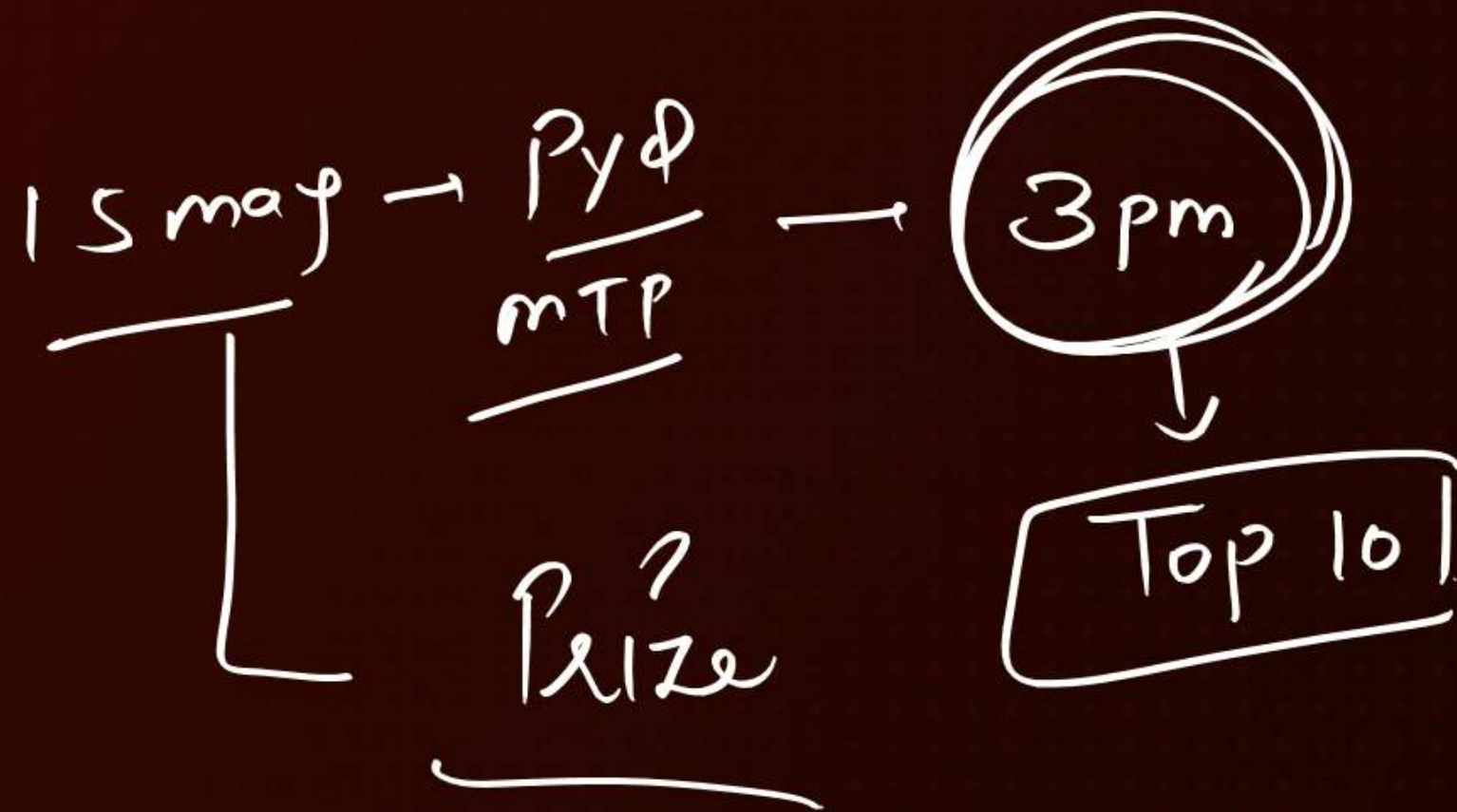
Jaipur

Free

Insta

↓
Story Tags

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fanclub



#Q. Nominal GDP shows:

- A Change in price only
- B Change in output only
- C Change in both price and output
- D None of the above

THANK

You



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