



# QUESTION & ANSWER

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**Exam : CIMAPRA17-BA1-1-ENG**

**Title : BA1 - Fundamentals of  
Business Economics (2017  
SYLLABUS) (Online)**

**Version : DEMO**

1.It is necessary to include a balancing item in the balance of payments accounts in order to

- A. Balance the current and capital accounts
- B. Ensure that balance of payments equilibrium is achieved
- C. Record accurately changes in the balance of official reserves
- D. Compensate for mistakes made when recording current and capital flows

**Answer: D**

2.All of the following are elements of a supply side policy except which one?

- A. Reductions in the marginal rates of taxation.
- B. Increased entitlement to social security and unemployment benefits.
- C. Increased public expenditure on education and training.
- D. Privatization of public sector industries.

**Answer: B**

3.A country has a trade deficit. The demand for its imports and exports are both price elastic.

All of the following would lead to an a reduction in the country's trade deficit except which one?

- A. A fall in consumer incomes in the country.
- B. An improvement in the country's terms of trade.
- C. A depreciation in the exchange rate for the country's currency.
- D. A rise in the rate of inflation in its trading partners' economies.

**Answer: B**

4.All of the following items would appear as a credit on the current account of a country's balance of payments accounts except which one?

- A. Interest payments on financial assets held overseas.
- B. Exports of manufactured goods.
- C. Outflows of capital.
- D. Expenditure by visiting foreign tourists.

**Answer: C**

5.In a fully employed economy, which one of the following would lead to demand pull inflation?

- A. A reduction in the rate of income tax
- B. A rise in value added tax
- C. An increase in the world price of oil
- D. A rise in interest rates

**Answer: A**