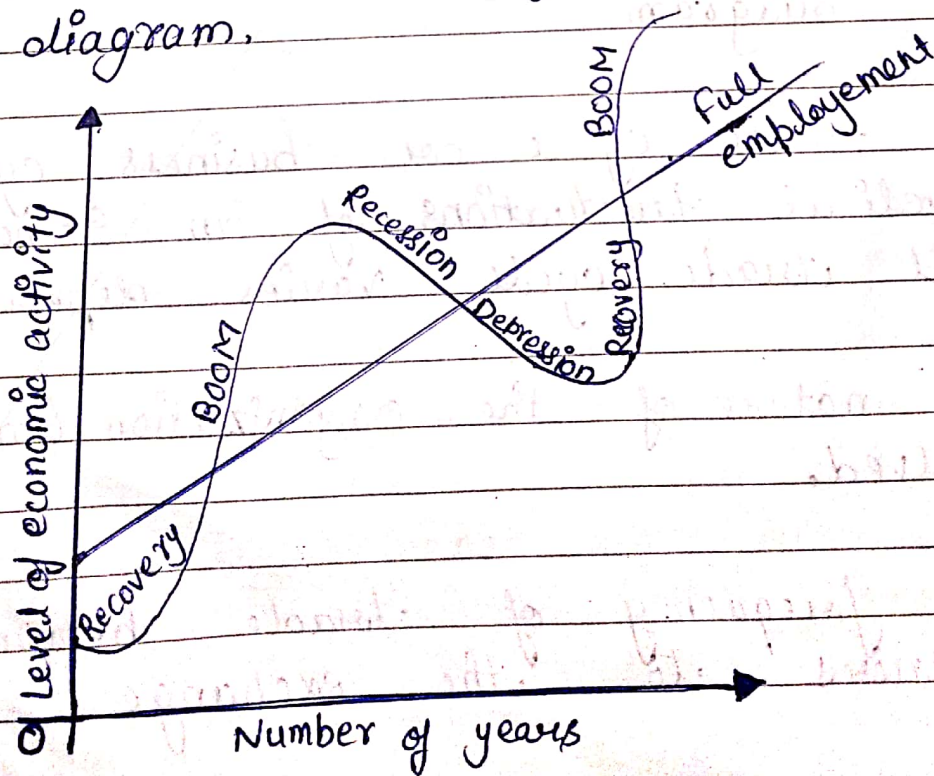


Ans The trade cycle or business cycle are cyclical fluctuations of an economy. A full trade cycle has got four phases:

- (i) Recovery
- (ii) BOOM
- (iii) Recession and
- (iv) depression

The upward phase of a trade cycle or prosperity is into two stages - recovery and boom and the downward phase of a trade cycle is also divided into two stages - recession and depression.

Phase of trade cycle: The phases of trade cycle are explained with a diagram.



(i) Recovery :-

In the early period of recovery, entrepreneurs increase the level of investment which in turn increase employment and income. Employment increase purchasing power and this leads to an increase in demand for consumer goods.

(ii) Boom :-

The orders for raw materials are
The rate of investment increases still further. Owing to the spread of a wave of optimism in business, the level of production increases and the boom gathers momentum. More investment is possibly only through credit creation. During a period of boom, the economy surpasses the level of full employment and enters a stage of over full employment.

(iii) Recession :-

The orders for raw materials are reduced on the onset of a recession. Liquidity preference rises in society and owing to a contraction of money supply, the prices falls. A wave of pessimism spreads in business and those markets

which were sometime before sellers markets
become buyer's markets now.

Date.....

(4) Depression :- The main feature of a depression is a general fall in economic activity, production, employment and income decline. The prices fall and the main factor responsible for it is a fall in the purchasing power.

~~Ques~~ # Write a short note on Business Capability.

Ans Business Capability :-

A business capability, a key component of business architecture, is an expression of what business does and can do. A business capability denotes the "what" a business can do, whereas a business process outline how a particular activity gets done.

A business capability is a description of what a business does independently of how or why. They offer a view into a business that is free for details such as process and strategy. Capabilities may be captured at various levels of details such as Organizational, department or team capabilities.