

S.Y.BIM sem IV Reg & A.T.K.T. Exam March-2020
BUSINESS ECONOMICS-II

S.Y.BIM- SEM IV

07/3/20



Duration: 2 ½ hours

Marks: 75

N.B: 1. All questions are **compulsory**.

2. **Figures** to the right indicate **full** marks.

3. Draw **neat diagrams** wherever necessary.

(1) (A) State whether the following statements are true or false. (Any Eight) (08)

- 1) Foreign exchange market helps in coverage of risks.
- 2) Quotas are more effective than tariffs.
- 3) Foreign investment enters developing nations through FDI and portfolio investment.
- 4) Portfolio investments are for a long period of time.
- 5) Leontief Paradox negates the modern theory of international trade.
- 6) Fiscal Responsibility Budget Management Act aims at maintaining the financial discipline.
- 7) Sinking fund creation helps in effective debt repayment.
- 8) Incidence means final burden of tax.
- 9) The canon of convenience implies that the burden of taxation must be distributed equally.
- 10) Inflation targeting was first adopted by the Reserve Bank of New Zealand.

(1) (B) Match the following (Seven)

(07)

GROUP 'A'	GROUP 'B'
1) Neutrality of money	a) C/Y
2) Public expenditure	b) Capital receipt
3) Fisher's equation of exchange	c) Revenue receipt
4) Speed of money	d) Expected rate of profit
5) Value of MPC	e) Income elastic

6) Autonomous investment	f) Lies between zero and one
7) Marginal efficiency of capital	g) Velocity of circulation of money
8) Borrowings	h) $MV=PT$
9) Tax revenue	i) Fiscal policy
10) APC	j) Monetary policy

(2) (a) Discuss the various methods of measuring national income. (8)

(2) (b) "NEW is the best indicator of welfare." Do you agree? Discuss. (7)

OR

(2) (c) How does business cycles impact economic growth and development? (8)

(2) (d) What are the implications of consumption function? (7)

(3) (a) Explain the various types of inflation. (8)

(3) (b) Explain the factors influencing velocity of circulation of money. (7)

OR

(3) (c) Describe monetary measures adopted to curb inflation. (8)

(3) (d) Explain the determinants of money supply. (7)

(4) (a) Explain the canons of taxation. (8)

(4) (b) Explain any three instruments of fiscal policy. (7)

OR

(4) (c) What is the effect of taxation on production? (8)

(4) (d) What do you understand by burden of public debt? (7)

(5) (a) Examine Ricardian theory of comparative difference in cost. (8)

(5) (b) Discuss the arguments for protectionism. (7)

OR

(5) (c) Write short notes: (Any three)

(15)

- 1) Role of MNC's
- 2) Dealers in foreign exchange market
- 3) Limitations of fiscal policy
- 4) Four sector model of economy
- 5) Features of trade cycle

