

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

04/3/20

S.Y.BBI SEM IV

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) Macroeconomics deals with economic growth and development.
- 2) Values of hobbies and recreation are included in national income accounting.
- 3) Savings increase with a rise in income.
- 4) Consumption function remains stable in the short run.
- 5) Induced investments are profit oriented.
- 6) In India, RBI follows the proportional reserve system to issue currency.
- 7) According to Keynes, speculative demand for money is independent of interest rate.
- 8) Equity investors generally gain during inflation.
- 9) A mild inflation is good for the economy.
- 10) Government intervention helps to reduce the impact of market failure.

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

(07)

GROUP 'A'	GROUP 'B'
1) Sound finance	a) Self-reliant
2) Invisible hand	b) Trade barriers
3) Repayment of debt	c) Trade account
4) Fiscal policy	d) No restriction on trade
5) Unemployment allowances	e) Argument in support of protected

	trade
6) Infant industry	f) Transfer expenditure
7) Free trade policy	g) Public expenditure
8) Export of goods	h) Recession
9) Tariffs	i) Adam Smith
10) Closed economy	j) Balanced budget

(2) (a) Explain the circular flow of income and expenditure in an open economy. (8)

(2) (b) What are the various problems involved in measuring national income? (7)

OR

(2) (c) Explain the various types of investments. (8)

(2) (d) Explain the phases of trade cycle. (7)

(3) (a) Mention the RBI's approach to measure supply of money. (8)

(3) (b) Explain the liquidity preference theory of interest. (7)

OR

(3) (c) Explain the cash transaction approach by Irving Fisher (8)

(3) (d) Explain the nature of inflation in a developing country. (7)

(4) (a) Explain the principle of sound finance. (8)

(4) (b) Describe the various instruments of fiscal policy. (7)

OR

(4) (c) Write the economic effects on taxation on production. (8)

(4) (d) Mention the causes of for the increasing trends in public expenditure. (7)

(5) (a) Examine the Heckscher-Ohlin theory of international trade. (8)

(5) (b) Explain the absolute version of purchasing power parity. (7)

OR

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

(15)

- 1) Burden of public debt
- 2) Information asymmetry
- 3) Aggregate demand function
- 4) Role of government in trade cycle
- 5) GNP

