

SYBMS sem IV Reg. Exam April - 2023
Malini Kishor Sanghvi College of Commerce & Economics

Course Name : S.Y.B.M.S

Sem : IV

Subject: Business Economics-II

Duration: 2.5 hours

Marks: 75

19/4/23

Note: Attempt all questions



All questions are compulsory with internal choice

Use of simple calculator is permitted

Draw schedules, graphs and diagrams wherever necessary

Q1. Multiple choice questions: (Any 8)

(08 Marks)

- What would be least likely to act as a store of value during a period of rapid inflation?
 - Cash
 - Gold
 - Property
 - Shares
- When will a firm maximise its profits?
 - When it excludes a rival supplier from the market.
 - When it produces where average cost and average revenue are equal
 - When it sells as many products in as many different markets as it can
 - When the difference between total cost and total revenue is greatest.

3) The table shows the costs of a firm.

Units of output	Variable costs (\$)	Total costs (\$)
10	20	80
20	50	110
30	80	140
40	110	170

What is the value of the firm's fixed costs?

- \$20
 - \$30
 - \$60
 - \$80
- 4) A firm's average revenue is \$10. It sells 2000 units.

What is the firm's total revenues and the price of the product?

	Total revenue (\$)	Price (\$)
A	10	10

B	2000	200
C	20000	10
D	20000	200

5) A Country has the highest GDP per head in the world.
What is this information **most** likely to suggest about the country?

- a) It has the world's biggest economy
- b) It has the world's fastest economic growth rate
- c) It has the world's greatest size of population
- d) It has the world's highest standard of living

6) A business person employs two people to make sandwiches to sell in a café.
As well as labour, which factors of production are involved in this activity?

- a) Capital, enterprise & land
- b) Capital & land only
- c) Capital & enterprise only
- d) Enterprise & land only

7) The table shows the percentage change in earnings & consumer prices for four countries for one year.

Which country will have experienced a constant level of real income during the year?

	Earnings	Consumer Prices
A	7.5	6
B	5	4
C	3	3
D	0	2

8) A government decided to increase its spending on building schools and hospitals.
Which aim of government policy is most likely to be achieved by this increase?

- a) A balance of payments surplus
- b) A stronger exchange rate
- c) Economic development
- d) Price stability

9) All countries need to produce food.

Which type of agriculture would make the best use of the resources of developing and developed economies?

	Developing	Developed
A	Capital-intensive	Capital-intensive
B	Capital-intensive	Labour-intensive
C	Labour-intensive	Capital-intensive
D	Labour-intensive	Labour-intensive

10) What is meant by the equilibrium price in the market for a good?

- a) The average price paid by consumers
- b) The price at which maximum profit is made
- c) The price at which the producer break evens
- d) The price at which the supply and demand curves intersect



B) State whether the following statements are true or false: (Any Seven) (07 Marks)

- 1) $NNP = GNP - \text{Depreciation}$.
- 2) $GNP = GDP - \text{Income from abroad}$
- 3) Keynesian theory is aggressive in nature.
- 4) Stable employment is one of the objectives of monetary policy.
- 5) The supply of money is the total amount of money in the economy.
- 6) The external debts are paid in foreign currencies.
- 7) A productive- debt is self-liquidating in nature.
- 8) Import quotas are the limit on quantity of good to be imported from abroad.
- 9) Four-sector economy is a closed economy.
- 10) Production stage is measured by the earned factor-income.

Q2. Answer **ANY ONE** question from the following: (15 Marks)

- a. Explain in detail with diagram circular flow in a four-sector economy.
- b. Define macroeconomics and state in detail its significance.

OR

- c. Explain in detail the concept of multiplier and its working.
- d. Explain the Keynesian theory of effective demand along with its significance and limitations.

Q3. Answer **ANY ONE** question from the following: (15 Marks)

- a. Define supply of money and explain in detail the constituents of money supply.
- b. Define inflation and measures to control inflation.

OR

- c. Explain detail instruments of monetary policy.
- d. Enlist in detail Keynes motives for holding money as liquidity preference.

Q4. Answer **ANY ONE** question from the following: (15 Marks)

- a. Define fiscal policy and explain its objectives in detail.
- b. Write in detail cannons of taxation.

OR

- c. What is public debt and explain its types?
- d. State the objectives of FRBM Act.

Q5. Answer **ANY ONE** question from the following:

(15 Marks)

- a. Explain Comparative Cost Advantage theory in detail.
- b. Explain in detail role of MNC's.

OR

Q5. B. Write explanatory notes on **ANY THREE** of the following:

(15 Marks)

- a. Determinants of investment
- b. Stagflation
- c. Product & income method to calculate national income
- d. BOP

*****ALL THE BEST*****