

SYBIM sem IV Reg Exam April - 2023

BUSINESS ECONOMICS II

SEM IV

Maximum Marks 75

Note: 1. Attempt all questions.

19/4/23



2. Draw the diagrams wherever applicable.

Q.1 A. Solve the correct option from the multiple Choices.

(08)

1. One of the assumptions of classical school is

- a. supply creates its own demand      b. markets can fail  
c. Government intervention      d. aggregate demand determines national output

2. During recession,

- a. bank credit grows      b. growth rate is high      c. idle funds are channelized into productive area  
d. growth rate is below steady growth rate

3. The MPC is counterpart of

- a. APC      b. APS      c. MPS      d. None

4. According to Keynes, inflation is

- a. price paid for saving      b. price paid for investment      c. price paid for parting with liquidity      d. none

5. The inverse of price level is

- a. value of money      b. quantity of money      c. coins      d. currency

6. Sound finance was advocated by

- a. A.P. Lerner      b. Adam Smith      c. David Ricardo      d. Dadabhai Nauroji

7. Vehicle currency is

- a. standard international currency      b. Special currency      c. domestic currency

e. Currency issued by RBI

8. According to Keynes, inflation is

- a. price paid for saving      b. price paid for investment      c. price paid for parting with liquidity      d. none

9. The inverse of price level is

- a. value of money      b. quantity of money      c. coins      d. currency

10. Under IMF exchange rate system was

- a. gold standard      b. currency standard      c. silver standard      e. copper standard

Q.1 B State whether the statement is True or False. (Any 07)

(07)

1. In a closed economy, GNP is always greater than GDP.
2. Subsidies increase the circular flow of income.
3. National income is a flow concept.
4. PCI and PDI are one and the same



5. To get the net national product at market prices, we must not deduct the capital consumption. (d) The net national product at market prices is the same as the net national product at factor cost.
6. Level of investment is interest inelastic.
7. MEC has a tendency to decline when investment rises.
8. Monetary policy alone can control inflation.
9. During recession, Repo rate is increased.

- Q.2 1. What is macroeconomics? Explain the significance of macroeconomics. (07)
2. What is circular flow of income? Draw the model of closed economy (two sectors). (08)

OR

3. What is trade cycle? Explain the Phases of trade cycle.(15)

- Q.3 1. What is velocity of circulation of money? What are the factors influencing velocity of circulation of money? (07)
2. Explain the demand-pull inflation. (08)

OR

3. What is money supply? What are the constituents of money supply? (15)

- Q.4 1. Explain the principle of functional finance (07)
2. Explain canons of taxation (08)

OR

3. Discuss the causes for rising public expenditure (15)

- Q.5 1. Explain the role of MNC in the growth of the economy? (07)
2. Discuss Protection policy. (08)

OR

3. What is terms of Trade and what are the types of terms of trade? (15)

Q.5 Write notes on ( Any 3) (15)

1. Features of trade cycle.
2. FDI
3. Functional finance
4. Cost push inflation
5. Protection policy