

S.Y. BMS - SEM IV - Reg - Mar'20
A.T.K.T.

SYBMS SEM IV

BUSINESS ECONOMICS-II

Time: 2½ hours

11.3.20



Marks: 75

Note: All questions are compulsory
Figures to the right indicate full marks
Draw diagram wherever necessary

Q1A. State whether the following statements are True or False (any 8)

8

1. NNP at factor cost is same as national income.
2. MEC has a tendency to decline when investment rises.
3. In a developing countries, inflation is the result of only demand-pull factors.
4. During inflation, creditors gain.
5. FRBM Act aims at maintaining the financial discipline.
6. Functional finance is based on the principle of social welfare.
7. The union budget is presented by the home minister.
8. Factor abundance and factor intensity are responsible for international trade according to modern theory.
9. Protectionism is adopted only by developing countries.
10. Spot exchange rate is determined by demand and supply of foreign exchange.

Q1B. Match the following pair (any 7)

7

1. Investment multiplier	a. Absorption of liquidity
2. Aggregate supply price	b. Money supply
3. Cash balance approach	c. Final burden
4. Reverse Repo	d. Factor endowment theory
5. High powered money	e. J.M. Keynes
6. Incidence of taxation	f. Fiscal deficit – Interest payments
7. Union budget	g. Minimum amount of sales proceeds
8. Primary deficit	h. Determined by market forces
9. Heckscher-Ohlin theory	i. Cambridge economists
10. Flexible exchange rate	j. Revenue and capital account

Q2 Attempt A and B or C and D

- A. Discuss the scope of macroeconomics. 8
 - B. Explain the circular flow of income in a three sector closed economy. 7
- OR**
- C. What are the significance of national income accounting. 8
 - D. What is trade cycle? Explain various phases of trade cycle. 7

Q3 Attempt A and B or C and D

- A. Draw and explain the causes of cost-push inflation. 8
- B. Explain the various factors affecting velocity of circulation of money. 7

OR

- C. Discuss the liquidity preference theory of interest. 8
- D. Explain in brief the various instruments of monetary policy. 7

Q4 Attempt A and B or C and D

- A. What is fiscal policy? Explain the objectives of fiscal policy. 8
- B. Explain the features of FRBM Act 2003. 7

OR

- C. Discuss the role of the government in providing public goods. 8
- D. Explain the different types of public debt. 7

Q5 Attempt A and B or Short notes

- A. Explain the purchasing power parity theory. 8
- B. Explain the David Ricardo theory of comparative cost advantage. 7

OR

Write short notes (any 3) 15

1. Green GNP
2. Objectives of monetary policy
3. Characteristics of public goods
4. Concepts of deficit
5. Arbitrage