

Total No. of Questions: 6

Total No. of Printed Pages:3

Enrollment No.....



Faculty of Management
End Sem (Even) Examination May-2018
MS3EG03 Business Economics II

Programme: BBA

Branch/Specialisation: Management

Duration: 3 Hrs.

Maximum Marks: 60

Note: All questions are compulsory. Internal choices, if any, are indicated. Answers of Q.1 (MCQs) should be written in full instead of only a, b, c or d.

- Q.1 i. Economic growth takes place when: **1**
(a) Total output is increasing
(b) Total income is increasing
(c) Total income is increasing but total output is decreasing
(d) Both total income and total output are increasing
- ii. Which of the following is the best general definition of the study of Economics? **1**
(a) Inflation and unemployment in a growing economy.
(b) Business decision making under foreign competition.
(c) Individual and social choice in the face of scarcity.
(d) The best way to invest in the stock market.
- iii. The difference between gross and net aggregates is..... **1**
(a) Indirect taxes (b) Subsidies
(c) Net factor income from abroad (d) Depreciation
- iv.= NNPMP – Net Factor Income from Abroad – Net Indirect Taxes. **1**
(a) GNPMP (b) NNPFC (c) NDPFC (d) NDPMP
- v. Investment is a variable. **1**
(a) Stock (b) Flow (c) Stable (d) Steady
- vi. The consumption function shows the relationship between consumption and..... **1**
(a) Savings (b) Income (c) Demand (d) Supply

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- vii. Which of the following is a primary function of money **1**
(a) Measure of value (b) Store of value
(c) Standard of deferred payments (d) Basis of credit
- viii. Based on analysis of Irving Fisher: - **1**
(a) Velocity changes always offset changes in the supply of money.
(b) Changes in the aggregate price level are caused solely by changes in velocity.
(c) Changes in the aggregate price level are caused solely by changes in the quantity of money.
(d) None of these
- ix.Occurs when the spending of a government exceeds its financial savings. **1**
(a) Budget surplus (b) Budget deficit
(c) Market equilibrium (d) Dissaving
- x. is an effective tool of budget to influence the level of savings and investment in country. **1**
(a) Public debt (b) Interest rate
(c) Taxation (d) Open market operations
- Q.2 i. Give an appropriate definition of Macro Economics. **2**
ii. Explain Various Kinds of Macroeconomics. **3**
iii. What are the major objectives of macroeconomic policies of our Country. **5**
- OR iv. What are the limitations of macroeconomics? Explain them. **5**
- Q.3 i. Define GNP, GDP. **2**
ii. Explain national income calculation methods. **8**
- OR iii. Explain the circular flow of income in four sector economy. **8**
- Q.4 i. Define Term Investment & Its various types. **3**
ii. Explain in detailed J.B.Say's Law of Market. **7**
- OR iii. Explain in detailed Keynes's Theory of Employment. **7**
- Q.5 i. Define the term money. Explain functions of money. **4**
ii. Discuss the factors that affect demand & Supply for money. **6**

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- OR iii. Explain any two theories of Money & Prices. **6**
- Q.6 Attempt any two:
- i. Is inflation always bad? Justify your answer giving suitable arguments. **5**
- ii. Some economists argue that there cannot be such a thing as a cost push inflation. Do you agree with them? Justify your answer. **5**
- iii. Briefly explain the instruments of fiscal policy **5**

Marking Scheme
MS3EG03 Business Economics II

Q.1	i.	Economic growth takes place when: (d) Both total income and total output are increasing	1
	ii.	Which of the following is the best general definition of the study of Economics? (c) Individual and social choice in the face of scarcity.	1
	iii.	The difference between gross and net aggregates is..... (d) Depreciation	1
	iv.=NNPMP – Net Factor Income from Abroad – Net Indirect Taxes. (c) NDPFC	1
	v.	Investment is a variable. (b) Flow	1
	vi.	The consumption function shows the relationship between consumption and (b) Income	1
	vii.	Which of the following is a primary function of money (a) Measure of value	1
	viii.	Based on analysis of Irving Fisher: (c) Changes in the aggregate price level are caused solely by changes in the quantity of money	1
	ix.Occurs when the spending of a government exceeds its financial savings. (b) Budget deficit	1
	x. is an effective tool of budget to influence the level of savings and investment in country. (c) Taxation	1
Q.2	i.	Give an appropriate definition of Macro Economics Marking Scheme: Give any one definition of any Economists.	2
	ii.	Explain Various Kinds of Macroeconomics. Marking Scheme: a) Macro Statics, With diagram b) Comparative Macro Statics, With diagram c) Macro Dynamics, With diagram	3

iii. What are the major objectives of macroeconomic policies of our Country. **5**

Marking Scheme:

(a) Full employment, (b) Price stability, (c) Economic growth, (d) Balance of payments equilibrium and exchange rate stability, and (e) Social objectives. (Each have one mark) (1 mark * 5)

OR iv. What are the limitations of macroeconomics? Explain them. **5**

Marking Scheme:

Explain any five limitations of macroeconomics. (Each have one mark) (1 mark * 5)

Q.3 i. Define GNP, GDP **2**

Marking Scheme:

Define GNP and GDP (Each one mark) (1 mark * 2)

ii. Explain national income calculation methods. **8**

Marking Scheme:

(a) Explain steps of Value Added Method

(b) Explain steps of Income Method

(c) Explain steps of Expenditure Method

Each carry 2.66 Marks (2.66 mark * 3)

OR iii. Explain the circular flow of income in four sector economy. **8**

Marking Scheme:

(a) Explain four sector of economy. - 3 marks

(b) Draw the diagram - 3 marks

(c) Write equations - 2 marks

Q.4 i. Define term investment & its various types. **3**

Marking Scheme:

(a) Define investment. - 1 mark

(b) Discuss various types of investment - 2 marks

ii. Explain in detailed J.B.Say's Law of Market. **7**

Marking Scheme:

(a) Write J. B. Say's law of market. - 1 mark

(b) Explain the J. B. Say's law of market. - 4 marks

(c) Criticism of the law - 2 marks

OR iii. Explain in detailed Keynes's Theory of Employment. **7**

Marking Scheme:

(a) Write the Keynes's theory of employment. - 1 mark

- (b) Explain the Keynes's theory of employment - 4 marks
 (Aggregate supply and aggregate supply with diagram).
 (c) Criticism of Keynes's theory of employment. - 2 marks

- Q.5 i. Define the term money. Explain functions of money. **4**
Marking Scheme:
 (a) Define money. - 1 mark
 (b) Explain any three functions of money - 3 marks
 (each carry one mark) (1 marks * 3)
- ii. Discuss the factors that affect demand & Supply for money. **6**
Marking Scheme:
 (a) Discuss any three factors that affect the demand of money
 (Each carry one mark). - 3 marks
 (b) Discuss any three factors that affect the supply for money.
 (Each carry one mark). - 3 marks
- OR iii. Explain any two theories of Money & Prices. **6**
Marking Scheme:
 Explain any two theories of money and prices with equations.
 (Each carry three marks) (3 marks * 2)
- Q.6 Attempt any two:
- i. Is inflation always bad? Justify your answer giving suitable arguments. **5**
Marking Scheme:
 Justify the statement with your suitable arguments.
- ii. Some economists argue that there cannot be such a thing as cost push inflation. Do you agree with them? Justify your answer. **5**
Marking Scheme:
 Justify the statement with your suitable arguments.
- iii. Briefly explain the instruments of fiscal policy. **5**
Marking Scheme:
 Explain any five tools of fiscal policy (Each carry one mark)
 (1 mark * 5)
