

Enrollment No.....



Faculty of Management Studies
End Sem (Even) Examination May-2022
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. Which one is money market macro-variable? **1**
 (a) Aggregate money supply (b) Aggregate money demand
 (c) Both (a) and (b) (d) None of these
- ii. If all the individuals decide to hold a larger amount of cash, the total **1**
 individuals cash holding increases. But the stock of money remains
 the same for the economy as a whole. It is known as....
 (a) Microeconomics (b) Macroeconomics
 (c) Micro-Macro paradoxes (d) None of these
- iii. Net factor income from abroad is- **1**
 (a) Exports minus Imports
 (b) Loss of fixed assets over time due to wear and tear
 (c) Loss of fixed assets in an earthquake
 (d) Closure of the plant due to lockout
- iv. Which one of the following is an intermediate product? **1**
 (a) Purchase of pulses by consumers
 (b) Machine purchased by a firm
 (c) Wheat used by the flour mill
 (d) Wheat used by households
- v. As a result of increase in investment, national income rises by Rs. 600 **1**
 crores. If marginal propensity to consume is 0.75, calculate the
 increase in investment.
 (a) 150 (b) 250 (c) 350 (d) 450
- vi. The point where aggregate demand price cut aggregate supply price is **1**
 known as.....
 (a) Effective supply (b) Effective demand
 (c) Elasticity of demand (d) None of these

P.T.O.

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- vii. Which function of money is highlighted in the given statement: It has separated the acts of sale and purchase? **1**
 (a) Standard of deferred payment (b) Store of value
 (c) Measure of value (d) Medium of exchange
- viii. Which of the following is not a function of money? **1**
 (a) Medium of exchange (b) Price stability
 (c) Store of value (d) Unit of account
- ix. Recently UPA announces Guaranteed minimum income scheme for poor people of India. It shows which policy of government. **1**
 (a) Monetary policy (b) Fiscal policy
 (c) Poor policy (d) None of these
- x. _____ means fall in the general price level below the base-year level. **1**
 (a) Inflation (b) Deflation
 (c) Disinflation (d) None of these
- Q.2 i. Discuss the current budget of NDA government with reference to macroeconomic variables. **3**
 ii. Define macroeconomics. Discuss any six importance of macroeconomics for the business. **7**
- OR iii. Explain static analysis and comparative static analysis. Which of the two approaches will you adopt when you compare the Indian and the Chinese economy in the year 2012 and 2017? **7**
- Q.3 i. Write a short note on gross national product and gross domestic product at market price and factor price. **3**
 ii. Describe the four-sector model of circular flow. Explain and illustrate the circular flow in four sector model with capital market. **7**
- OR iii. What do you mean by national income? Explain the steps of expenditure method to measure national income. Also write precautions of expenditure method. **7**
- Q.4 i. Discuss the collapse of the classical macroeconomics. **3**
 ii. Critically explain classical theory of employment and output determination. **7**
- OR iii. Critically discuss the Keynes theory of employment and output determination. **7**

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- Q.5 i. Discuss any three importance of money **3**
 ii. Explain the Cambridge cash balance approach of Marshall and Pigou. **7**
- OR iii. Explain the quantity theory of money given by Irving fisher's. **7**
- Q.6 i. Explain any four types of inflation. **4**
 ii. Discuss Keynes's theory of business cycles. **6**
- OR iii. Discuss the role of monetary and fiscal policy to curb the inflation. **6**

Marking Scheme
MS3EG03 Business Economics -II

Q.1	i.	Which one is money market macro-variable? (c) Both (a) and (b)	1
	ii.	If all the individuals decide to hold a larger amount of cash, the total individuals cash holding increases. But the stock of money remains the same for the economy as a whole. It is known as.... (c) Micro-Macro paradoxes	1
	iii.	Net factor income from abroad is- Correct option is not available one mark is allotted to all the students.	1
	iv.	Which one of the following is an intermediate product? (c) Wheat used by the flour mill	1
	v.	As a result of increase in investment, national income rises by Rs. 600 crores. If marginal propensity to consume is 0.75, calculate the increase in investment. (a) 150	1
	vi.	The point where aggregate demand price cut aggregate supply price is known as..... (b) Effective demand	1
	vii.	Which function of money is highlighted in the given statement: It has separated the acts of sale and purchase? (d) Medium of exchange	1
	viii.	Which of the following is not a function of money? (b) Price stability	1
	ix.	Recently UPA announces Guaranteed minimum income scheme for poor people of India. It shows which policy of government. (b) Fiscal policy	1
	x.	_____ means fall in the general price level below the base-year level. (b) Deflation	1

Q.2	i.	Any three points	(1 mark * 3)	3
	ii.	Definition of macroeconomics	1 mark	7
		Any six importance	(1 mark * 6)	
OR	iii.	Static analysis	2.5 marks	7
		Comparative static analysis	2.5 marks	
		Selection / comparison of approach	2 marks	

Q.3	i.	Gross national product	1.5 marks	3
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		Gross domestic product	1.5 marks	
	ii.	Four-sector model of circular flow	1 mark	7
		Assumption	1 mark	
		Explanation with equation	5 marks	
OR	iii.	Meaning of national income	1 mark	7
		Steps	4 marks	
		Precautions	2 marks	
Q.4	i.	Collapse of the classical macroeconomics	3 marks	3
	ii.	Concept of employment and output	1 mark	7
		Assumptions	1 mark	
		Explanation with graph	4 marks	
		Criticism	1 mark	
OR	iii.	Concept of employment and output	1 mark	7
		Assumptions	1 mark	
		Explanation with graph	4 marks	
		Criticism	1 mark	
Q.5	i.	Any three importance of money	(1 mark * 3)	3
	ii.	Approach of Marshall	3.5 marks	7
		Approach of Pigou	3.5 marks	
OR	iii.	Theory of money given by Irving fisher's	2 marks	7
		Explanation of theory	4 marks	
		Criticism of theory	1 mark	
Q.6	i.	Any four types of inflation	(1 mark * 4)	4
	ii.	As per explanation	6 marks	6
OR	iii.	Monetary policy	3 marks	6
		Fiscal policy	3 marks	
