Total No. of Questions: 6

Total No. of Printed Pages:3

## **Enrollment No.....**



## Faculty of Management Studies End Sem (Even) Examination May-2019 MS3EG03 Business Economics II

Programme: BBA Branch/Specialisation: Management/DM

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. Macroeconomics as a separate branch came to be studied after the 1 contributions of which economist? (b) John Maynard Keynes (a) Adam Smith (c) F. Hayek (d) Samuelson Which of the following is a central issue in macroeconomics? 1 (a) The deregulation of the banking industry (b) Inflation of prescription drug prices (c) The effect of excise taxes on consumers' buying patterns (d) None of these What is the sum total of gross value added of all the firms in the country? (a) Gross Domestic Product (b) Gross National Product (c) Net Domestic Product (d) Net National Product What is the sum total of gross value added of all the firms in the 1 country minus the depreciation? (a) Gross Domestic Product (b) Gross National Product (d) Net National product (c) Net Domestic Product In the given equation C= a+bY What is the meaning of b 1 (a) Coefficient (b) Intercept (c) MPC (d) None of these At the break-even level of income 1 (b) Income<consumption (a) Income=consumption (c) Income>consumption (d) None of these

P.T.O.

vii.	If we put this letter in the blank space, we get quantity theory of			eory of 1	1
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VIII.	<u>-</u>	nowing Can	nonage cash ba	iance 1	
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	` '	d) Importers	<b>;</b>	1	
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	(d) Affects only industrial sector	or			
i.	Write a short note on major iss	ues of macro	peconomics.	4	ļ
ii.	Discuss the importance of the	e study of 1	macroeconomics	with 6	)
	reference to business decision.				
iii.	Explain the development of ma	acroeconomi	cs.	6	)
i.	Define national income.			2	
ii.	How does the addition of Gov	ernment in	a two-sector ecor	nomy 8	;
	affect circular flow of incom	me? If gov	ernment's budg	et is	
		_	_		
iii.	Discuss the importance of na	ational inco	me with referen	ce to 8	)
	business.				
	Explain how Keynes showed t	hat manay y	wasa aut wauld f	ail to 3	2
	explain now keynes snowed i	nai monev v			,
i.	•	nat money v	vage cut would i	an to 3	
i. ii.	increase employment.  Explain and illustrate diag	•			
	viii.  ix.  x.  i. ii. iii. iii.	money PT = M_  (a) S (b) T (  viii. In the equation Md= kPY shapproach. Y represents:  (a) Year of measurement of national income  (b) National income  (c) Real National Income  (d) Both (a) and (b)  ix. They are not affected badly by  (a) Salaried persons  (c) Debtors  (a) Makes distribution of income  (b) Makes distribution of income  (c) Has no effect on distribution  (d) Affects only industrial sectors  i. Write a short note on major issued ii. Discuss the importance of the reference to business decision.  iii. Explain the development of materials iii. Define national income.  iii. Define national income.  iii. Define national income.  iii. Discuss the importance of income deficit, how will it affect circulation income.	money PT = M_  (a) S (b) T (c) V  viii. In the equation Md= kPY showing Can approach. Y represents:  (a) Year of measurement of national income (b) National income  (c) Real National Income  (d) Both (a) and (b)  ix. They are not affected badly by rising prices (a) Salaried persons (b) Businesss (c) Debtors (d) Importers  x. Inflation:  (a) Makes distribution of income equal (b) Makes distribution of income unequal (c) Has no effect on distribution of income (d) Affects only industrial sector  i. Write a short note on major issues of macro ii. Discuss the importance of the study of reference to business decision.  iii. Explain the development of macroeconomi iii. Define national income.  ii. How does the addition of Government in affect circular flow of income? If government in affect circular flow of income? If government in a affect circular flow of income? If government in a affect circular flow of income? If government in a affect circular flow of income? If government in a affect circular flow of income? If government in a affect circular flow of income? If government in a affect circular flow of income? If government in a affect circular flow of income? 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Discuss the importance of the study of macroeconomics reference to business decision.  iii. Explain the development of macroeconomics.  i. Define national income.  ii. How does the addition of Government in a two-sector economics affect circular flow of income? If government's budgon deficit, how will it affect circular flow of income?  iii. Discuss the importance of national income with reference to biscuss the importance of national income with reference to biscuss the importance of national income with reference to biscuss the importance of national income with reference to biscuss the importance of national income with reference to biscuss the importance of national income with reference to biscuss the importance of national income with reference to biscuss the importance of national income with reference to biscuss the importance of national income with reference to biscuss the importance of national income with reference to biscuss the importance of national income with reference to biscuss the importance of national income with reference to biscuss the importance of national income with reference to biscuss the importance of national income with reference to biscuss the importance of national income with reference to biscuss the importance of national income with reference to biscuss the importance of national income with reference to biscuss the importance of national income with reference to biscuss the importance of natio	money PT = M (a) S (b) T (c) V (d) A  viii. In the equation Md= kPY showing Cambridge cash balance approach. Y represents: (a) Year of measurement of national income (b) National income (c) Real National Income (d) Both (a) and (b)  ix. They are not affected badly by rising prices. (a) Salaried persons (b) Businessmen (c) Debtors (d) Importers  x. Inflation: (a) Makes distribution of income equal (b) Makes distribution of income unequal (c) Has no effect on distribution of income (d) Affects only industrial sector  i. Write a short note on major issues of macroeconomics with reference to business decision.  iii. Explain the development of macroeconomics.  i. Define national income.  ii. Define national income.  ii. How does the addition of Government in a two-sector economy affect circular flow of income? If government's budget is deficit, how will it affect circular flow of income?  iii. Discuss the importance of national income with reference to

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OR	iii.	Explain classical theory of employment and output.	7
Q.5	i.	Money is what money does. Discuss	3
	ii.	Explain the significance of money. What would happen to an economy if money supply suddenly disappeared?	7
OR	iii.	Critically explain the Marshall and Pigou's Quantity Theory of Money.	7
Q.6	i.	Attempt any two: Critically explain Hawtrey's theory of business cycles.	5
	ii.	Explain the Phillips curve.	5
	iii.	Explain various features of business cycles.	5

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## Marking Scheme MS3EG03 Business Economics II

<b>2</b> .1	i.	Macroeconomics as a separate branch came to be studied after the	1		
		contributions of which economist?			
		(b) John Maynard Keynes			
	ii.	Which of the following is a central issue in macroeconomics?	1		
		(d) None of these			
	iii.	What is the sum total of gross value added of all the firms in the country?	1		
iv.		(a) Gross Domestic Product	_		
	1V.	What is the sum total of gross value added of all the firms in the	1		
		country minus the depreciation?			
		(c) Net Domestic Product			
	v.	In the given equation C= a+bY What is the meaning of b (c) MPC	1		
	vi.	At the break-even level of income	1		
		(a) Income=consumption			
	vii.	If we put this letter in the blank space, we get quantity theory of	1		
		money $PT = M_{\perp}$			
		(c) V	1		
	viii.				
		approach. Y represents:			
		(c) Real National Income	_		
	ix.	They are not affected badly by rising prices.	1		
		(b) Businessmen	_		
	х.	Inflation:	1		
		(b) Makes distribution of income unequal			
0.2	i.	Major issues of macroeconomics.	4		
		Any four major issues 1 mark for each (1 mark * 4)			
	ii.	Importance of the study of macroeconomics	6		
		Any six points 1 mark for each (1 mark *6)			
R	iii.	Development of macroeconomics.	6		
		Each stage has two marks (2 marks * 3)			
2.3	i.	National income.	2		
	ii.	Addition of Government in a two-sector economy affect circular	8		
		flow of income 4 marks			

		Government's budget is deficit, how will it a income	affect circular flow of 4 marks	
OR	iii.	Importance of national income with reference	ce to business.	8
		Any 8 points 1 mark for each	(1 mark * 8)	
Q.4	i.	Explain how Keynes showed that money w	age cut would fail to	3
		increase employment.	1 1	_
	ii.	Concept of multiplier	1 mark	7
		Assumption of multiplier	1 mark	
		Working of multiplier with table and diagra		
			3 marks	
		Criticism of multiplier	1 mark	
		Leakages of multiplier	1 mark	
OR	iii.	Classical theory of employment and output.	2 marks	7
		Assumption	1 mark	
		Determination of income and employment v	vith diagram	
		1 7	3 marks	
		Criticism of theory	1 mark	
		01111010111 01 011001		
Q.5	i.	Definition of walker		3
Q.J	ii.	Significance of money		7
	11.	Any five points 1 mark for each (1 mark *5)	5 marks	,
		-		
		What would happen to an economy if mo	ney supply suddenly	
		1' 1	• • • • • • • • • • • • • • • • • • • •	
0.5		disappeared	2 marks	_
OR	iii.	Concept of Cambridge Cash balance Appro	2 marks oach of the Quantity	7
OR	iii.	Concept of Cambridge Cash balance Apprehency of money with equation	2 marks oach of the Quantity 5 marks	7
OR	iii.	Concept of Cambridge Cash balance Appro	2 marks oach of the Quantity	7
OR	iii.	Concept of Cambridge Cash balance Apprehency of money with equation	2 marks oach of the Quantity 5 marks	7
OR	iii.	Concept of Cambridge Cash balance Appropriate theory of money with equation Assumptions	2 marks cach of the Quantity 5 marks 1 mark	7
OR Q.6	iii.	Concept of Cambridge Cash balance Appropriate theory of money with equation Assumptions	2 marks cach of the Quantity 5 marks 1 mark	7
	iii.	Concept of Cambridge Cash balance Appropriate theory of money with equation Assumptions Criticism	2 marks cach of the Quantity 5 marks 1 mark	7
		Concept of Cambridge Cash balance Appropriate theory of money with equation Assumptions Criticism  Attempt any two:	2 marks cach of the Quantity 5 marks 1 mark 1 mark	
	i.	Concept of Cambridge Cash balance Appropriate theory of money with equation Assumptions Criticism  Attempt any two: Hawtrey's theory of business cycles. Criticism of theory	2 marks coach of the Quantity 5 marks 1 mark 1 mark	
		Concept of Cambridge Cash balance Appropriate theory of money with equation Assumptions Criticism  Attempt any two: Hawtrey's theory of business cycles. Criticism of theory Phillips curve.	2 marks coach of the Quantity 5 marks 1 mark 1 mark 4 marks 1 mark 4 marks	5
	i. ii.	Concept of Cambridge Cash balance Appropriate theory of money with equation Assumptions Criticism  Attempt any two: Hawtrey's theory of business cycles. Criticism of theory Phillips curve. Diagram of concept	2 marks cach of the Quantity 5 marks 1 mark 1 mark 4 marks 1 mark	5
	i.	Concept of Cambridge Cash balance Appropriate theory of money with equation Assumptions Criticism  Attempt any two: Hawtrey's theory of business cycles. Criticism of theory Phillips curve.	2 marks coach of the Quantity 5 marks 1 mark 1 mark 4 marks 1 mark 4 marks	5

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