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Bus. Eco.

K.G.Joshi College of Arts & N.G. Bedekar College of Commerce

SYBCOM – A & F – Semester III

Subject: Business Economics – II

Marks 75

I. Answer the Following Questions: (15 Marks)

A. Select the appropriate answer for the following: (Any 7) (07 Marks)

1. Circular flow of income _____.
 - a) Goods & Services
 - b) Business Firms
 - c) Households
 - d) All of the above

2. _____ items are not included in GNP.
 - a) Buying & Selling of Shares, securities & bonds
 - b) Government Transfer Payments
 - c) Services of a housewife
 - d) All of the above

3. For a common man inflation is _____.
 - a) Rise in prices
 - b) Fall in prices
 - c) Both a & b
 - d) None of the above

4. The consumption Function or Propensity to Consume refers to _____.
 - a) Income saving relationship
 - b) Income investment relationship
 - c) Income Consumption relationship
 - d) All of the above

5. _____ is transferred from one person to another in a given period of time is known as velocity of money.
 - a) The maximum number of times
 - b) The average number of times
 - c) The minimum number of times
 - d) None of the above

6. MNC's stand for _____.
 - a) Multi National Corporation
 - b) Multi National Code
 - c) Media National Corporation
 - d) None of the above

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7. _____ are a wave like movement.
- Trade cycles
 - Business fluctuations
 - Both (a) and (b)
 - None of the above
8. Money supply (M_1) includes _____.
- $C + DD + OD$
 - $C + DD +$ Time deposits
 - $C + DD +$ Demand deposits
 - None of the above
9. The two economic agencies in 2 sector circular flow are _____.
- Business firms and Household
 - Household and Government
 - Business and Government
 - None of the above
10. During inflation _____ are at an advantage.
- Common man
 - Debtors
 - Creditors
 - All of the above

(B) Match the following: (Any 8)

(08 Marks)

Group A	Group B
1. APS	a) Rise in prices
2. Fiscal Policy	b) Government of India
3. Demand for Money	c) $\frac{\Delta S}{\Delta Y}$
4. Inflation	d) Deals with aggregates
5. Trade Cycles	e) Transaction Motive
6. Macro Economics	f) $C + I + G + (X - M)$
7. GDP	g) Business fluctuations
8. National Income	h) Total Income of a Nation
9. Monetary Policy	i) $\frac{S}{Y}$
10. Green GNP	j) Made by RBI
	k) Considers Environment

II. Answer the following:

1. Explain circular flow of income & expenditure in a four-sector economy. (07 Marks)
 2. Explain the phases of Trade Cycles. (08 Marks)
- OR
1. Discuss the leakages of Multiplier Theory. (07 Marks)
 2. Explain Macro-economic along with its importance. (08 Marks)

III. Answer the following:

1. Explain the significance of Monetary Policy. (07 Marks)
 2. Explain cost push inflation with its diagram. (08 Marks)
- OR
1. Explain the Keynes liquidity approach theory. (07 Marks)
 2. Explain the effects of inflation in an economy. (08 Marks)

IV. Answer the following:

1. What are the significance of a fiscal policy in a country? (07 Marks)
 2. Why is public expenditure very important in an economy? (08 Marks)
- OR
1. Explain the classification of public debt in India. (07 Marks)
 2. Explain the various instruments of fiscal policy. (08 Marks)

V. Answer the following:

1. How is international trade beneficiary to any economy? (07 Marks)
2. Explain the significance of MNC's. (08 Marks)

OR

Short Notes: (Any 3)

1. Features of Trade Cycles.
2. Green and conventional GNP,
3. Advantages of FDI.
4. Advantages of Protection Policy.
5. Any 5 concepts of National Income.

(15 Marks)