

SUBAJ - Business Eco (17)

Duration: 2 ½ Hours

Marks: 75

- Note:** 1. All Questions are Compulsory
2. Figures to the right indicate full marks.
3. Draw neat diagrams wherever necessary.

Q1. Answer any two: (CO 1)

(15 M)

1. Explain the circular flow of income in a two-sector economy. (AN)
2. Elaborate the different Phases of Trade Cycle. (R)
3. What is Effective Demand? Determined by aggregate Demand Curve. (U)

Q2. Answer any two:

(15 M)

1. Evaluate Fisher's Equation of Exchange. (AN)
2. Explain the constituents of money supply. (U & AP)
3. What is Inflation? Explain the Cost-Push Inflation. (U)

Q3. Answer any two:

(15 M)

1. Explain the various canons of taxation? (U & AP)
2. Describe the structure of the Union Budget. (R)
3. Discuss the classification of public debt. (U)

Q4. Answer any two:

(15 M)

1. Outline the structure of Balance of Payment. (R)
2. Examine the advantages of MNCs in developing countries. (AN)
3. Discuss the different types of foreign investment? State the benefits of FDI to the Host Country. (U)

Q5. A. Conceptual Questions: (Any four out of Six) (CO1-CO4) (R & U)

(8 M)

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| 1. Circular Flow of Income in Open Economy | 4. GNP |
| 2. Demand-Pull Inflation. | 5. Fisher's Equation of Exchange |
| 3. Monetary Policy | 6. Ricardian Theory |

Q5. B. Multiple Choice Questions: (Any Seven) (CO1-CO4) (R & U)

(7 M)

1. In a three sector economy, we do not include income expenditure of _____
a. Government b. Household c. Firms d. External Sector
2. Loans taken from individuals and institutions within the country are known as _____ debt.
a. Internal b. Personal c. External d. Corporate
3. Foreign Direct Investment is included in _____ Account.
a. Trade b. Capital c. Current d. Foreign Exchange
4. The difference between fiscal deficit and interest payment during the year is called _____
a. Budget Deficit b. Fiscal Deficit c. Revenue Deficit d. Primary Deficit
5. At Peak _____
a. Prosperity Begins b. Recessions End c. Prosperity Ends d. Depression Ends
6. Which of the following represent Fisher's Equation?
a. $M=kPY$ b. $V-M/P$ c. $MV=PT$ d. $P=M/kT$
7. _____ advocate the role of public expenditure.
a. A Smith b. J.M. Keynes c. D. Ricardo d. A.C. Pigou
8. Which of the following is not included in the wholesale foreign exchange market?
a. Tourist b. Central Bank c. Commercial banks d. The Price Takers
9. Demand for transaction and precautionary motive is interest _____
a. Elastic b. Unit Elastic c. Neutral d. Inelastic
10. In a circular flow economy, firms supply _____
a. Land b. Labor c. Goods & Services d. Capital

"Economics runs the world"