

END TERM EXAMINATION

SECOND SEMESTER [BBA] MAY-JUNE 2016

Paper Code: BBA-104

Subject: Business Economics-II

BBA(B&I)-104

BBA(TTM)-104

BBA(MOM)-104

Time: 3 Hours

Maximum Marks: 75

Note: Attempt any five questions including Q no.1 which is compulsory.
Select one question from each unit.

- Q1 Write short notes on **any three** of the following:- (3x5=15)
- (a) Leakages and Injections in circular flow
 - (b) Psychological law of consumption
 - (c) Characteristics of a good tax system.
 - (d) Marginal efficiency of capital
 - (e) Speculative demand for money

UNIT-I

- Q2 Explain the Real and Income flows in two sector economy. Also elucidate the various problems which can arise in case of imbalance in the two flows? (15)
- Q3 Define National Income? Explain the various methods of measuring National Income? Which problems should be avoided while calculating national income? (15)

UNIT-II

- Q4 What is investment multiplier and how it operates in four sector model? (15)
- Q5 Explain Keynes theory of Full employment? Why it is termed as applicable for short period only? (15)

UNIT-III

- Q6 What is inflation? Explain the various causes of inflation? How the control of money supply can contain inflation in an open economy like India? (15)
- Q7 What is active and inactive demand for money? How Keynesian approach of demand for money is different from the classical approach? (15)

UNIT-IV

- Q8 Discuss the various instruments of fiscal policy, also elucidate its significance for a country like India? How Laffer's curve explains revenue generation? (15)
- Q9 Explain the interdependence of money market with product market? How equilibrium is attained in two sectors model with the help of IS-LM curves? (15)