

END TERM EXAMINATION

SECOND SEMESTER [BBA] MAY-JUNE-2015

Paper Code: [BBA/TTM/B&I/MOM]-104

Subject: Business Economics-II

Time : 3 Hours

Maximum Marks :75

Note: Attempt any five questions.

- Q1. Write notes on **any three** of the following: **(3x5=15)**
- (a) Circular flow of income in three sector economy.
 - (b) Measures of money supply in India.
 - (c) Motives for holding money in Keynesian analysis.
 - (d) Primary functions of money.
 - (e) Relationship between multiplier and MPC.
- Q2. Define macro-economics. How macro economic variables are useful in understanding the nature of an economy? What are their limitations? **(15)**
- Q3. Discuss the various problems in the measurement of national income. What precautions should be taken in the estimation of national income? **(15)**
- Q4. What do you mean by consumption function? What are various factors affecting it? **(15)**
- Q5. Define and differentiate between demand-pull and cost-push inflation. What measures can be adopted by the Central Bank for controlling the demand-pull inflation. **(15)**
- Q6. What is an IS curve. What factors determine the slope of this curve? Discuss. **(15)**
- Q7. What is the equilibrium rate of interest? Show the impact of expansionary monetary policy on the position of LM curve and the rate of interest. **(15)**