

9/5/2022

VCDFYEME SEM II ECONOMIC ENVIRONMENT OF BUSINESS TIME : 2 ½ HRS
MARKS 75

NB : 1) All Questions are Compulsory.

2) Figures to right indicate full marks.

Q. 1 Fill in the blanks from the multiple choices given in the bracket.

40 Marks

1. The theory of demand for money was put forward by _____.
a) J. M. Keynes (b) K. E. Boulding (c) J. B. Say (d) Irving Fisher
2. _____ is a broad concept of money supply.
a) M3 (b) M4 (c) M1 (d) M2
3. In a circular flow, firms supply _____.
a) Land (b) Capital (c) Goods and services (d) None of these
4. There are _____ phases in trade cycle.
a) One (b) Two (c) Three (d) Four
5. _____ is the income which actually available to the individuals to spend on consumption and to save.
a) National Income (b) Disposable Income (c) Real Income (d) Nominal Income
6. _____ is a general rise in the price level in the economy over a period of time.
a) Inflation (b) Stagflation (c) Deflation (d) Reflation
7. _____ receives income in the form of taxes.
a) Firms (b) Bankers (c) Shareholders (d) Government
8. _____ trade is carried on within the national boundaries of the home country.
a) Internal (b) External (c) International (d) Multinational
9. David Ricardo propounded the theory of _____.
a) Law of Demand (b) Law of Reciprocal Demand
(c) Absolute theory of international trade (d) Comparative theory of international trade
10. _____ includes imports and exports of goods and services as well as unilateral transfer of goods and services.
a) Capital Account (b) Current Account (c) Investment Account (d) Interest Account
11. A balance of payment _____ exists when the value of autonomous debit items exceeds the value of autonomous credit.
) Equilibrium (b) surplus (c) deficit (d) favorable balance
12. _____ disequilibrium is caused when an economy undergoes intensive changes.
a) Structural (b) Secular (c) Fundamental (d) Cyclical
13. When buyers and sellers of a currency settle their transaction within 2 days of the deal, it is called _____ transaction.
a) Future (b) Forward (c) Spot (d) Hedging
14. In _____ exchange rate, the exchange rate is fixed by government or Central Bank.
a) Managed (b) floating (c) flexible (d) fixed
15. "Transnational Corporations" term was designated by US to _____.
a) FII (b) MNC (c) MSME (d) FDI

P.T.O

16. _____ is an instrument which involves the buying and selling of government bonds and securities.
a) Open Market Operation (b) Cash Reserve Ratio (c) Repo Rate (d) Reverse Repo Rate
17. Taxation is source of _____ for government.
a) demand (b) revenue (c) supply (d) price
18. WTO has _____ number of member countries.
a) 161 (b) 162 (c) 163 (d) 164
19. _____ is listed in multiple stock exchanges.
a) ADR (b) IDR (c) GDR (d) CD
20. _____ agreement considers trade related intellectual property rules under WTO.
a) TRIPS (b) TRIMS (c) GATT (d) GATS

Q. 2 Attempt Any One

7 Marks

- a) Examine the concept of circular flow of income and expenditure in closed economy.
b) Explain the different concepts of inflation.
c) Explain the meaning and concepts of money supply.

Q. 3 Attempt Any One

7 Marks

- a) Explain the meaning and features of trade cycle.
b) Explain IS – LM model with the help of suitable diagram.
c) Highlight the important policies to control trade cycles.

Q. 4 Attempt Any One

7 Marks

- a) Discuss the objectives of fiscal policy.
b) Highlight the instruments of monetary policy.
c) Explain the objectives of monetary policy.

Q. 5 Attempt Any One

7 Marks

- a) Explain the structure of balance of payment.
b) Explain the various types of disequilibrium in balance of payment.
c) Explain the role of IMF and World Bank.

Q. 6 Attempt Any Two

7 Marks

- a) Dimension of human development index
b) Keynesian theory
c) Instruments of monetary policy
d) Objectives of IMF
e) Causes of BOP disequilibrium