

VCD|18|10|2019| SYBCOM Business Economics III| III SEM Choice Based|
Oct 2019|

100 Marks| 3 hrs

Note:- 1) All questions are Compulsory.

2) All questions carry equal marks.

3) Draw neat diagrams where necessary.

Q1) A) Explain the following concepts:- (Any 5) (10)

- 1) Aggregate Supply
- 2) National Income
- 3) Multiplier
- 4) Consumption function
- 5) Money Market
- 6) Laffer curve
- 7) Transaction Velocity
- 8) Food Inflation

Q1) B) State whether the following statements are True or False. (10)

- 1) Four sector economy is closed economy.
- 2) Trade cycles are recurrent and periodic.
- 3) According to Keynes, as income increases both MPC and APC remains constant.
- 4) The theory of employment multiplier was developed by R.F.Khan.
- 5) Transaction motive of liquidity preference is interest inelastic.
- 6) IS curve slopes downward.
- 7) In the long run Phillips curve is vertical.
- 8) Traditional money includes time deposits.
- 9) Cambridge 'K' represents average price.
- 10) During inflation value of money increases.

Q2) Answer (Any 2) of the following. (20)

- a) Outline the features of trade cycles.
- b) Explain the circular flow of income and expenditure with saving and without saving in a closed economy.
- c) Explain the green national income concept. Highlight its need.

Q3) Answer (Any 2) of the following.

(20)

- a) Define 'Effective Demand'. Explain how it is determined by ADF and ASF.
- b) Explain in detail the concept of MEC and Explain short run and long run factors which affect on it.
- c) Evaluate liquidity preference theory of interest.

Q4) Answer (Any 2) of the following.

(20)

- a) Derive IS and LM curves with the help of suitable diagrams.
- b) Discuss the short run and long run Phillips curve.
- c) Outline supply side of economics in details.

Q5) Answer (Any 2) of the following.

(20)

- a) Explain the determinants of money supply.
- b) Discuss Friedman's theory of demand for money.
- c) What are the effects of inflation?

XXXXXXXXXXXXXXXXXXXXXXXXXXXX