

SUBCOM  
EXW9

300

17/02/2017 ATK1 EXAMINATION, FEBRUARY 2017

Class: SYBCOM (Sem. III)

Date:

Total Marks: 75

Time: 2 ½ Hours

Subject: Business Economics III

Note: 1. All Questions are Compulsory.

2. Figures to right indicate full marks.

Q 1 Answer the following (Any 2)

1. Circular flow in an open economy

(15)

2. Phases of trade cycles

3. Limitations of the accelerator

Q 2 Discuss the following (Any 2)

1. Determinants of money supply

(15)

2. Classical and neo – classical theory of demand for money

3. Liquidity preference theory of interest

Q 3 Answer the following (Any 2)

1. Cost push inflation

(15)

2. Causes of inflation

3. Effects of inflation

Q 4 Discuss the following (Any 2)

1. Objectives of monetary policy

(15)

2. Instruments of fiscal policy

3. Derivation of LM curve

Q. 5A) State whether the following statements are **True OR False** with reasons. (Any 4)

1. Trade cycles are recurrent but not periodic.
2. Consumption is directly related to income.
3. Overdrafts are included in money supply.
4. Transaction and precautionary demand for money is interest elastic.
5. Food inflation affects the poor more.
6. Fixed income groups suffer during inflation.
7. Share capital is not liability of a bank.
8. Bank rate is a selective measure of credit control.

B) Fill in the blanks (Any 7)

1. At peak \_\_\_\_\_.  
a) Prosperity begins (b) Recession ends (c) Prosperity ends (d) Depression ends
2. The term "Keynesian Cross" was coined by \_\_\_\_\_.  
a) Paul Samuelson (b) J. M. Keynes (c) Paul Sweezy (d) Milton Friedman
3. The value of the multiplier may reduce to \_\_\_\_\_.  
a) Lowering of taxation (b) Fall in price level (c) Paying off debts (d) All the above
4. Traditional money included \_\_\_\_\_.  
a) Demand deposits (b) Credit (c) Government securities (d) Treasury deposit
5. Transactions demand for money is not influenced by \_\_\_\_\_.  
a) Income (b) Interest (c) Price level (d) Time interval
6. At very low rate of interest the liquidity preference curve becomes \_\_\_\_\_.  
a) Perfectly elastic (b) Perfectly inelastic (c) Relatively inelastic (d) Relatively elastic
7. \_\_\_\_\_ Inflation is a measure of total inflation within the economy.  
a) Headline (b) Core (c) Food (d) Retail
8. In the long run Phillips curve is \_\_\_\_\_.  
a) Horizontal (b) Vertical (c) Sloping upwards (d) Sloping downwards
9. \_\_\_\_\_ are the monetary measures to control inflation.  
a) OMO (b) Public borrowing (c) Public expenditure (d) Taxes
10. \_\_\_\_\_ does not directly affect the liquidity of commercial banks.  
a) CRR (b) SLR (c) Operating cost (d) Banking habits of people

11. \_\_\_\_\_ is an example of direct tax.
- a) Personal income tax (b) Corporate income tax (c) Property tax (d) All the above
12. \_\_\_\_\_ Curve shows the goods market equilibrium.
- a) LM (b) IS (c) AD demand (d) None of the above

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