

V 2039 ✓

M.B.A. DEGREE EXAMINATION, JANUARY 2005.

First Semester

BA 101 — ECONOMIC FOUNDATIONS OF BUSINESS ENVIRONMENT

Time : Three hours

Maximum : 100 marks

Answer ALL questions.

PART A — (10 × 2 = 20 marks)

1. What is 'sustainable development'? - 1
2. What is the significance of economic planning? - 1
3. What is 'reverse multiplier'? - 4
4. What is the role of Fiscal Policy? - 4
5. What is meant by speculative demand for money? - 2
6. What is money market equilibrium? - 5
7. Mention a few causes of inflation. - 4
8. What is employment elasticity? - 5
9. What is 'gain' in international trade? - 5
10. Define trade multiplier. - 4

PART B — (5 × 16 = 80 marks)

11. (i) Discuss a four-sector model to describe about the functioning of an economy. (8)
- (ii) Consider a few macro economic aggregates. How these aggregates would be used to analyse the performance of an economy? - 4 (8)

12. (a) Discuss different approaches to measure national income. What are the limitations of the estimation? - 4

Or

(b) What are the characteristics of business cycle? - 4
How Fiscal Policy could be used to manage business cycle? - 4

13. (a) What is consumption function? What are the determinants of consumption? How would changes in these determinants affect consumption? - 2

Or

(b) What is money market? How would changes in market affect national income? Explain. - 5

14. (a) What is inflation? Explain the trade-off between inflation and unemployment. - 4

Or

(b) Critically examine the impact of economic policy in India since 1991. - 4

15. (a) Explain the causes for globalization of business. - General

Or

(b) How would international trade determine the national income? Explain using 'linkage model'. - 4

