

**Z 4502**

M.B.A. DEGREE EXAMINATION, JANUARY 2007.

First Semester

BA 1602 — ECONOMIC FOUNDATIONS OF BUSINESS ENVIRONMENT

(Regulation 2005)

Time : Three hours

Maximum : 100 marks

Answer ALL questions.

PART A — (10 × 2 = 20 marks)

1. Define National Income. — 4
2. State the meaning of Balance of Payment (BOP). — 2
3. What do you mean by Business Cycle? — X
4. Define multiplier. — 4
5. Bring out the importance of money supply. — 5
6. List out the factors determining money supply. — 5
7. What does "Philips Curve" convey? — 5
8. What do you mean by inflation? — 4
9. Write a short note on 'Foreign Trade Policy'. — X
10. What do you understand by International trade multiplier? — 4

PART B — (5 × 16 = 80 marks)

11. (a) Explain in detail the circular money flow with saving and investment.  
Or — 4
- (b) Enumerate the objectives of Indian economic planning. — X

12. (a) Critically examine the phases of business cycles. - 4

Or

(b) Illustrate the two fiscal methods of fiscal policy to get the economy out of recession. - 4

13. (a) What are the various measures available to estimate the money supply? Discuss them in detail. - 5

Or

(b) Explain how expansionary monetary policy works according to "Keynesian View". - 4

14. (a) Describe the effects of inflation on output and distribution of income. - 4

Or

(b) Elucidate the causes of unemployment in developing countries. - 4

15. (a) What are the various gains that encourage free trade? Explain them in detail. - 4

Or

(b) Discuss the salient features of EXIM policy 2002-2007. - 4

