

**G 4502**

M.B.A. DEGREE EXAMINATION, MAY/JUNE 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. What do we mean by flexible exchange rate system? — 4
2. What is the GDP of India in PPP dollar terms? — 4
3. Name any two measures of national income of a country. — 4
4. Write two major difficulties in the measurement of national income in India. — 4
5. What are the elements that constitute money supply according to the standard concept? — 5
6. What is 'money multiplier'? — 5
7. What does Phillips curve say? — 5
8. Write the meaning of 'job-less growth'. — 4
9. Mention the share of India in the global trade at present. — General
10. What are the broad types of gains from trade? — X

PART B — (5 × 16 = 80 marks)

11. (a) (i) Discuss the alternative methods of measuring national income and mention the precautions to be taken. (8)
- (ii) Explain the central ideas that governed the planning process during the first four decades of independence and the post - 1991 period. (8)

Or

- (b) What are the macro economic indicators of economic performance? Explain how each indicator is significant for economic growth. (16)
12. (a) Explain the Keynes' theory of consumption. Discuss the factors that determine the propensity to consume. Mention the important features of Keynes' consumption plan. (16)
- (b) Explain the discretionary and non-discretionary fiscal policies for economic stabilisation. (16)
13. (a) What are the four measures of money supply? Explain the factors determining money supply. (16)

Or

- (b) Discuss the major instruments of monetary policy. (16)
14. (a) Explain the three different types of inflation. Briefly discuss the effects of inflation. (16)
- (b) Discuss the various measures to control inflation. (16)
15. (a) Critically examine the free trade policies as against the protectionist policies. (16)

Or

- (b) Analyse the performance of Indian economy in the external sector over the years. (16)

