

MODEL ANSWER

Class- SYBFM (Sem IV)

Total Marks-75

Time 2½ Hrs

Q.P. Code- 35293.

Sub- Business Economics II

Q1A) True OR False (Any 8) (8)

(1) True (2) True (3) True (4) True (5) True
(6) False (7) False (8) False (9) False (10) False

B) Match the following (Any 7) (7)

(1) f (2) i (3) h (4) b (5) j
(6) e (7) d (8) c (9) g (10) a

Q2 a) Circular flow of income in two sector economy - meaning, circular flow diagram with saving and without savings - Diagram Explanation Explanation (8)

b) Phases of trade cycle (7)

Meaning, Phases - Depression, Recovery, Prosperity and Recession - Diagram - explanation

10A

c) Keynes principle of effective demand (8)
meaning - effective demand, aggregate demand, aggregate supply - diagrammatic explanation of effective demand

e) Working of multiplier (7)

Meaning - multiplier - Diagrammatic explanation with example.

Q39) Keynes approach to demand for money (8)

meaning, assumptions

Transaction, precautionary and speculative motive diagram with explanation

b) Velocity circulation of money (8)
 meaning, Transaction and income velocity of money - explanation

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c) Effects of inflation (8)
 meaning

Effects - production of income and consumption - explanation

d) Objectives of monetary policy (7)
 Meaning - monetary policy
 Objectives - Economic growth, price stability, full employment and exchange rate stability

Q49) Principle of sound finance (8)

Meaning, Principles - balance between revenue and expenditure, supply creates its own demand, excessive taxation, no government intervention.

b) Cannon of taxation (7)

Meaning

Cannon - Equity, Certainty, Convenience, economy, productivity, elasticity, simplicity, and diversity

c) Features of FRBM Act 2003 (8)

~~Featu~~ Introduction - FRBM Act

Features - (1) Elimination of deficit (2) Revenue Deficit (3) Fiscal deficit (4) Guarantees (5) Midterm fiscal policy statement (6) Deviations (7) Borrowing from central government (8) Transparency (9) Quarterly reviews (10) Additional Liabilities.

d) Public debt and its types (7)

Meaning - public debt

Types - (1) Internal and External

(2) Productive and unproductive (3) Compulsory and voluntary (4) Funded and unfunded

(5) Short, medium and long term

(6) Redeemable and irredeemable.

Q 5 a) Arguments for fixed exchange rate (8)

Meaning - fixed exchange rate

Arguments - (1) Certainty (2) Stability (3) Avoid irrational speculation (4) Cooperation

internationally (5) Control of exchange rate

(6) Controlled BOP

b) Structure of BOP (7)

Meaning, structure of BOP - explanation - with the help of table.

OR

Q 5 Write short note on (Any 3) (15)

Kindly consider relevant answer for each short note topic.