

Reg. No. :

**LL 1603**

M.B.A. DEGREE EXAMINATION, AUGUST 2009.

First Semester

DBA 1603 — ECONOMIC FOUNDATIONS OF BUSINESS ENVIRONMENT

(Regulation 2007)

Time : Three hours

Maximum : 100 marks

Answer ALL questions.

PART A — (10 × 2 = 20 marks)

1. Explain measurement of national income.
2. What is effective demand?
3. What is disguised unemployment?
4. Define MEC.
5. Explain circular flow of income.
6. Explain the concept of acceleration principle.
7. Distinguish between money and near money.
8. What is devaluation?
9. What are the instruments of fiscal policy?
10. Distinguish between money market and capital market.

PART B — (5 × 16 = 80 marks)

11. (a) Define national income, GNP and NNP. What are the difficulties in measuring national income? (8 + 8 = 16)

Or

- (b) (i) Distinguish between national income at current prices and constant prices. (8)
- (ii) What is GNP deflator? And explain the conversion of GNP at current prices in to GNP at constant prices. (8)

12. (a) Mention the theoretical and practical contributions of Keynes to economic theory. (16)

Or

- (b) (i) Give the distinction between multiplier and accelerator. (6)  
(ii) What are the assumptions of the multiplier? (5)  
(iii) What is super multiplier? (5)

13. (a) What are the instruments of monetary policy? Describe them. (16)

Or

(b) Compare and contrast classical, Keynesian and Post-Keynesian version of demand for money. (16)

14. (a) (i) Explain tradeoff between inflation and unemployment. (8)  
(ii) What is long run philips curve? (8)

Or

- (b) (i) What is meant by inflation? (5)  
(ii) What are the types of inflation? (5)  
(iii) What are the effects of inflation in Indian economy? (6)

15. (a) Explain the recent trends and composition of India's foreign trade. (8 + 8 = 16)

Or

- (b) (i) Explain the new EXIM policy (2004-09).  
(ii) Examine the performance of Indian economy in external sector. (8 + 8 = 16)