

**Business Economics**

**2007 November**

**Management Economics BBM**

**Semester 3**

**University Exam**

**Mangalore University**

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BBMBMC 202

Reg. No.

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**Credit Based Third Semester B.B.M. Degree Examination**  
**October / November 2007**  
**(2006 Scheme)**  
**BUSINESS ECONOMICS**

Time : 3 Hours

Max.Marks: 80

**SECTION - A (ONE MARK EACH)**

10

ANSWER ANY TEN.

1. a) What is meant by 'Effective demand'?
- b) Give the meaning of 'Aggregate Supply Price'.
- c) What is meant by 'Fiscal Policy'?
- d) Define the concept of 'Marginal propensity to consume'.
- e) What is meant by 'Autonomous investment'?
- f) Give the meaning of 'Marginal Efficiency of Capital'.
- g) What is meant by 'Stagflation'?
- h) Give the meaning of 'Administrative Revenue'.
- i) Define the term 'Deficit Financing'.
- j) What is meant by 'Weighted Price Index Number'?
- k) Give the meaning of 'Canon of Equality'.
- l) What is meant by recession?

**SECTION - B (5 MARKS EACH)**

25

Answer any FIVE.

2. Examine the effects of taxation.
3. Explain the role of marginal efficiency of capital in determining investment.
4. Write a note on rational expectation theory.
5. Explain the Keynesian concept of inflationary gap.
6. Explain briefly the different sources of public revenue.
7. Discuss the implications of VAT.
8. Explain the origin and organisation of WTO.

**SECTION - C (15 MARKS EACH)**

45

9. Define Macro Economics. Explain major issues and importance of macro economics.

OR

Explain the Keynesian Theory of Employment.

10. Explain the various steps involved in computation of index numbers with an illustration.

OR

Discuss the effects of business cycles. Explain the measures of controlling business cycles.

11. Explain the factors responsible for inflation. Discuss its consequences.

OR

What is globalisation? Discuss the arguments for and against globalisation.

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