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Question Paper Code : YY 1503

M.B.A. DEGREE EXAMINATION, FEBRUARY 2010.

First Semester

DBA 1603 — ECONOMIC FOUNDATIONS OF BUSINESS ENVIRONMENT

(Regulation 2009/2007)

Time : Three hours

Maximum : 100 marks

Answer ALL questions.

PART A — (10 × 2 = 20 marks)

1. What is the basic purpose of economic planning?
2. What is economic efficiency?
3. What is the significance of accelerator?
4. What is fiscal deficit?
5. What are the determinants of demand for money?
6. How is interest rate determined?
7. What is structural unemployment?
8. Define Okun's law.
9. What is trade deficit? How is it significant?
10. What is the purpose of multiplier?

PART B — (5 × 16 = 80 marks)

11. (a) Describe five-sector model of circular flow of income. Explain determination of national income in the model.

Or

- (b) Discuss in detail the different methods of measuring national income. What are the advantages and limitations?

12. (a) What is aggregate supply? What are the determinants of aggregate supply? How do they influence it?

Or

- (b) What is investment multiplier? How does investment influence national income? Discuss.

13. (a) Discuss the dynamics of money market in detail.

Or

- (b) How is monetary policy used in India in the current meltdown period? Explain.

14. (a) Explain the relationship between inflation and unemployment in the long-run.

Or

- (b) What are the supply side policies? How do they help in bringing up 'Higher National Income'? Discuss.

15. (a) What is export multiplier? What is the impact of trade on national income?

Or

- (b) What is the role of trade policy? Examine the salient features of trade policy of government of India.