

**Z 4502**

M.B.A. DEGREE EXAMINATION, JANUARY 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. Define National Income.
2. State the meaning of Balance of Payment (BOP).
3. What do you mean by Business Cycle?
4. Define multiplier.
5. Bring out the importance of money supply.
6. List out the factors determining money supply.
7. What does "Philips Curve" convey?
8. What do you mean by inflation?
9. Write a short note on 'Foreign Trade Policy'.
10. What do you understand by International trade multiplier?

PART B — (5 × 16 = 80 marks)

11. (a) Explain in detail the circular money flow with saving and investment.

Or

- (b) Enumerate the objectives of Indian economic planning.

12. (a) Critically examine the phases of business cycles.

Or

(b) Illustrate the two fiscal methods of fiscal policy to get the economy out of recession.

13. (a) What are the various measures available to estimate the money supply? Discuss them in detail.

Or

(b) Explain how expansionary monetary policy works according to "Keynesian View".

14. (a) Describe the effects of inflation on output and distribution of income.

Or

(b) Elucidate the causes of unemployment in developing countries.

15. (a) What are the various gains that encourage free trade? Explain them in detail.

Or

(b) Discuss the salient features of EXIM policy 2002–2007.

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