

Q 6502

M.B.A. DEGREE EXAMINATION, MAY/JUNE 2006.

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. What do you mean by inflation?
2. Define the term Gross Domestic product (GDP).
3. List out the different phases of business cycle.
4. What is accelerator model?
5. State the importance of money supply.
6. What is meant by money market equilibrium?
7. How foreign exchange rate is determined?
8. What do you understand by “Phillips Curve”?
9. Write a short note on foreign trade multiplier.
10. Bring out the features of EXIM policy 2002-07.

PART B — (5 × 16 = 80 marks)

11. (i) State and explain the precautions to be considered while measuring the national income through income method.
(ii) Enumerate the role of Indian economic planning.

12. (a) Describe how national income is determined by simple two-sector economy.

Or

(b) Illustrate the various objectives of fiscal policy in the advanced developed economies.

13. (a) Elucidate Keynes' theory of demand for money.

Or

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

14. (a) Examine the effects of Inflation on output and distribution of income.

Or

(b) Discuss in detail the causes of unemployment in the Indian economy.

15. (a) Explain the gains from free trade for a developing country like India. In view of these gains from free trade, explain why various countries put up various barriers to free trade.

Or

(b) Critically evaluate India's trade policy since 1991 in relation with import liberalisation and export orientation.
