

## MAHARAJA AGRASEN INSTITUTE OF MANAGEMENT STUDIES

## BBA-Gen. and BBA (B&I): 2nd Semester

## Second Internals - April 2012

## **Business Economics II**

OR  What is balanced-budget multiplier. Assuming a theoretical model of an economy, prove the balanced budget multiplier is always equal to unity.  What is Keynesian's approach to demand for money? Explain the Keynesian theory of in rate determination.  OR  Define Fiscal policy. Discuss its scope in an economy like India. How Fiscal policy can control inflation? 5 43  ON  What is the purpose of IS-LM model? Explain the determination of general equilibrium	Time: 2 Hours		Marks: 40
deficit budgetary policy. How does it affect the size of the circular flow of methods and macroeconomics. Sets of the circular flow of macroeconomic theory important for finding solutions to macroeconomic problems related to business decision making?  Differentiate between classical and Keynesian's theory of employment. How Keynesian ties an improvement on the Classical theory of employment. Also elucidate, why Keynesian approach is termed as a short-term approach?  OR  What is balanced-budget multiplier. Assuming a theoretical model of an economy, prove the balanced budget multiplier is always equal to unity.  OR  Define Fiscal policy. Discuss its scope in an economy like India. How Fiscal policy can control inflation?  OR  Define Fiscal policy. Discuss its scope in an economy like India. How Fiscal policy can control inflation?  Standard Termination of general equilibrium economy by applying the IS and LM curves in the two sector model.  OR	Attempt all questions. All questions carry	y equal marks.	
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Distinguish between microeconomics and macroeconomics. Why is the study of macroeconomic theory important for finding solutions to macroeconomic problems related to business decision making?  4+6  Differentiate between classical and Keynesian's theory of employment. How Keynesian t is an improvement on the Classical theory of employment. Also elucidate, why Keynesian approach is termed as a short-term approach?  OR  What is balanced-budget multiplier. Assuming a theoretical model of an economy, prove the balanced budget multiplier is always equal to unity.  OR  Define Fiscal policy. Discuss its scope in an economy like India. How Fiscal policy can control inflation?  5+5  OR  What is the purpose of IS-LM model? Explain the determination of general equilibrium economy by applying the IS and LM curves in the two sector model.  OR  OR	deficit budgetary policy. How does it a	njections in an economy. Supp affect the size of the circular flo	W OI IIICOIIIC data
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OR	(04) What is the purpose of IS-LM model	? Explain the determination of curves in the two sector mode	general equilibrium in an
	economy by applying the 15 and 25		e e e e e e e e e e e e e e e e e e e
			and the second s
Explain any two of the following: 2x5		OR	
	Explain any two of the following		2x5
(a) Psychological law of consumption.	The state of the s	The state of the s	

(c) Quantity theory of money

(d) Measures of money supply in India

(b) MEC