

20/5/2014



**DOON UNIVERSITY, DEHRADUN**  
**Semester Final Examination, Second Semester, 2014**  
**School of Management**

**MBA 5 Year**  
**Course: IMBA 201 – Business Economics-II**

*Time Allowed: 3 Hours*

*Maximum Marks: 50*

*Note: Attempt All Questions from Sections A and B.*

**Section A: State True/False with reason (not more than 40 words). (2x10=20 marks)**

- a) The demand for money will fall if real interest rates rise.
- b) If the RBI wishes to decrease (tighten) the money supply it will decrease CRR.
- c) National debt increase with the increase of fiscal deficit.
- d) Stock and Flow variables are same.
- e) Money multiplier and investment multiplier are synonyms to each other.
- f) Sales tax is an example of indirect tax.
- g) Stagflation is also termed as disinflation.
- h) Permanent income has no effect on consumption pattern of a consumer.
- i) To purchase a home is a secular consumption.
- j) Trough is the lowest point of business cycle.

**Section B: Attempt any six question all carrying equal marks. (5x6=30 marks)**

- a) Explain the effect of various phase of business cycle on economy.
- b) Explain Income consumption curve for inferior and superior goods.
- c) Write a short note on multiplier and its impact on GDP.
- d) Explain Keynesian model of income determination.
- e) Write a short note on the different types of business taxes.
- f) Explain the role of fiscal policy in the development of an economy.
- g) Explain various types of demand for money.
- h) "Inflation is a double edge sword" comment on the statement.