Diploma, Anna University-UG, PG., HSC & SSLC

Notes
Syllabus
Question Papers
Results and Many more…

Available @

www.AllAbtEngg.com

BA5101- Economics Analysis For Business

2 Marks Question with Answer

Unit- IV

1. Define Macro Economics?

"Macro economics deals with economic affairs at large. It concerns the over all dimensions of economic life"

2. What are the types of macro economics?

1) Macro static
2) Macro comparative static
3) Macro dynamic

3. What is macro dynamic?

This concept explain the process of change are path of change between initial equilibrium to the new equilibrium.

www.binils.com

4. Importance of macro economics?

1) To understand the economic
2) To make international comparisons
3) Inflation and deflation
4) Formulation of economic policies
5) Business cycles
6) To study macro economics
7) More realistic

5. Define equilibrium?

Equilibrium may be defined as a "state of balance between two opposite forces".

6. What are the phases of trade cycle?

1) Depression
2) Deflation
3) Revival (or) Reflation
4) Full employment

Available in /AllAbtEngg Android App too

Credits

C.S.I. Institute of Technology, Thovalai.

Diploma, Anna University-UG, PG., HSC & SSLC
Notes
Syllabus
Question Papers
Results and Many more…
Available @
www.AllAbtEngg.com

5) Prosperity (or) Inflation
6) Recession

7. Define national income?

According to national income committee of India "National income estimates measure the value of commodities of services turned out during a given period counted without duplication"

8. What are the concept of nation income?

1) Gross national product (GMP)
2) Net national product (NNP)
3) Net national product at factor cost
4) Personal income
5) Disposable income

9. What's disposable income?

www.binils.com

It is the actual income available for consumption by individuals of families

$\mathrm{Di} = \mathrm{Pi} - \mathrm{DT}.$

Where, Di = Disposable income

Pi = Personal income

DT = Direct Tax

10. Methods of measuring national income?

1) Product method
2) Income method
3) Expenditure method
4) Value added method

11. What is product method?

The total value of final goods and services produced in a country during a year is calculated by market price.

12. What are difficulties in the calculation of national income?

1) Definition not clear
2) Method to be used

3) No habit of accounting
4) At what stage to be calculated
5) Estimated of all income is difficult
6) Prevalence of barter
7) Problem of double country
8) Illegal income not included

13. What is meant by investment demand?

The other constituent of the aggregate demand is investment which is a crucial factor in the determination of equilibrium level of national income.

14. Concept (or) properties of consumption function?

1) Average propensity to consume (APC)
2) Marginal propensity to consume (MPC)
3) Average propensity to save (APS)
4) Marginal propensity to save (MPS)

www.binils.com

15. Determinants of the consumption function?

1) Subjective factor
   a) Individual motives
   b) Business motives
2) Objective factor
   a) Change in the wage level
   b) Change gains (or) loss
   c) Change in the fiscal policy
   d) Change in the expectation

16. Define consumption function?

It is a “functional relationship between two aggregates i.e., total consumption and gross national income”.

17. State the psychological law of consumption?

“According to Keynes” The fundamental psychological law upon which we are entitled to depend with great confidence both a period from our knowledge of human nature and from the detailed facts of experience, is average to increase their consumption as their income increase but not by as the increase in their income.

18. What is meant by investment function?

Investment means the addition to the existing stocks of real capital assets like machines, factories, building, etc.

19. What are the types of investment?

1. Gross and net investment
2. Induced and autonomous investment
3. Private and public Investment
4. Ex-ante and Ex-post investment

20. State the liquidity preference theory?

According to Keynes "Interest is the reward for parting with liquidity for a specific period".

www.binils.com

21. Define multiplier?

According to Keynes used this concept to explain "the effect of a change in investment on income".

22. What are the leakages of multipliers?

1. Savings
2. Debt cancellation
3. Import
4. Liquidity preference
5. Taxation

23. Types of multiplier?

1. Employment multiplier
2. Investment multiplier
3. Static multiplier
4. Dynamic multiplier
5. Balanced budget multiplier
6. Export multiplier

24. What is acceleration?

Whenever autonomous investments have place leading to increased expenditure, the increased demand for consumption goods will induce the optimistic entrepreneurs to read just their planned investment to later to the demand created.

25. What are the limitation of accelerator principle?

1) Non-existence of excess capacity in consumer goods industries.
2) Existence of excess capacity in investment goods industries.
3) Constant capital output ratio
4) Availability of resources
5) Nature of demand
6) Fluidity

26. Define fiscal policy?

According to Arthur Smithies defines fiscal policy as "a policy under which the govt uses its expenditure and revenue programs is to produce desirable effects and avoid undesirable effects on the national income, production and employment".

www.binils.com

27. What are the instruments of Fiscal policy?

1) Budgetary policy
   - Budget deficit
   - Surplus budget
   - Balanced budget multiplier
2) Compensatory fiscal policy

28. What is surplus budget?

Surplus in the budget occurs when the government revenues exceed expenditures.