



Time Allowed: 02 Hours 45 Minutes

Maximum Marks: 90

Roll No.:

- (i) Attempt all questions.
- (ii) Answers must be neat, relevant and brief.
- (iii) In marking the question paper, the examiners take into account clarity of exposition, logic of arguments, effective presentation, language and use of clear diagram/ chart, where appropriate.
- (iv) Read the instructions printed inside the top cover of answer script CAREFULLY before attempting the paper.
- (v) Use of non-programmable scientific calculators of any model is allowed.
- (vi) DO NOT write your Name, Reg. No. or Roll No. anywhere inside the answer script.
- (vii) Question No.1 – “Multiple Choice Question” printed separately, is an integral part of this question paper.
- (viii) **Question Paper must be returned to invigilator before leaving the examination hall.**

		MARKS
SECTION – “A”		
Q.2	(a) Stakeholders have an interest in the strategy and behaviour of an organization. Explain the three broad types of stakeholders and how they can influence the objectives of an organization and stakeholder influence over profit seeking business.	10
	(b) Explain with the help of a diagram the profit maximization point of a firm, using total revenue (TR) and total cost (TC) approach.	06
Q.3	(a) Discuss two types of risks involved that an investor must consider before investing in shares. Explain the shareholders risk-return curve showing the minimum rate of return acceptable to shareholders.	08
	(b) Firms seek to increase sales for earning profits. Briefly explain the four potential directions of growth for a firm. Differentiate the advantages and disadvantages of horizontal integration, vertical integration and diversification.	10
Q.4	(a) Distinguish between the law of supply and the law of demand along with an example of each. Identify the determinants of supply and demand.	08
	(b) What do you understand by “Externalities”? Define different sorts of externalities. Illustrate the consequences of negative externalities in demand-supply framework with the help of a diagram.	08

SECTION – “B”

- Q.5 (a)** Buying and selling things in different currencies is essential to trade. Discuss the main motives for foreign exchange dealing. Explain with the help of graphical presentation and an example the factors determining the demand and supply for a currency. **07**
- (b)** Explain three different and potentially conflicting aims of a commercial bank. Also describe the functions of the commercial banks. **08**

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MARKS

- Q.6 (a)** How can we measure the rate of unemployment? Distinguish between frictional, structural, and cyclical unemployment. What is the economic cost of unemployment and what are the noneconomic effects of unemployment? **07**
- (b)** Economists distinguish between two types of inflation. Explain. Differentiate between nominal income and real income. Who is hurt by inflation most and who is unaffected or relieved by inflation? Discuss. **08**
- Q.7** Briefly explain the principal sources of short-term capital and long-term capital. What do you understand by financial intermediaries? Identify the advantages of financial intermediaries. **10**

THE END