Course Name: GLOBAL BUSINESS ENVIRONMENT   Max Marks: 70

Course Code: 2104   Max Time : 2 hrs

Instructions for Students: Be precise and to the point while writing the answer.

Section A: Objective Type Questions   Max. Marks-20

1. What is the primary tool used by governments to influence aggregate demand in an economy?

- A. Monetary policy
- B. Fiscal policy
- C. Exchange rate policy
- D. Trade policy

2. **What do you mean by convertibility of the rupee**

A. being able to convert rupees into US dollars.
B. freely permitting the conversion of rupees to other major currencies and vice- versa.
C. allowing the value of the rupee to be fixed by market forces.
D. developing an international market for currencies in India.

3. **Which of the following is an example of an expansionary fiscal policy?**

- A. Increasing taxes
- B. Reducing government spending
- C. Raising interest rates
- D. Lowering interest rates

4. **When the government increases spending to stimulate the economy, it is known as:**

- A. Contractionary fiscal policy
- B. Expansionary fiscal policy
- C. Monetary policy
- D. Supply-side economics

5. **Exchange rate for currencies is determined by supply and demand in system of**

A. Fixed exchange rate
B. Flexible
C. Constant
D. Govt. regulated.

6. What term is often used to describe the process by which the United Kingdom formally left the European Union on January 31, 2020?

- A. Brexodus
- B. Brexiteer
- C. Brexit
- D. Brexamination

7. Low real interest rates in the United States tend to
- A. Decrease the demand for dollars, causing the dollar to depreciate
- B. Decrease the demand for dollars, causing the dollar to appreciate
- C. Increase the demand for dollars, causing the dollar to depreciate
- D. Increase the demand for dollars, causing the dollar to appreciate

8. A peak is defined as

- A. a transition from an expansion in the business cycle to the start of a contraction
- B. a transition from a contraction in the business cycle to the start of an expansion
- C. a depression that lasts more than three years
- D. only something used by farmers to feed pigs and not an investment term.
- E. none of the above

9. If the economy were going into a recession, an attractive industry to invest in would be the _____ industry.

- A. automobile
- B. medical services
- C. construction
- D. A and C
- E. B and C

10.Which exchange-rate system does not require monetary reserves for official exchange-rate intervention?

- A. Floating exchange rates
- B. Pegged exchange rates
- C. Managed floating exchange rates
- D. Dual exchange rates

11. Which of the following is a reason for inflation

  A. Deficit financing

  B. Growth in per capita income

  C. Structural deficiencies

  D. All the above

12. Which of the following is an effect of inflation

  A. Erosion in purchasing power.

B. Affects relative price of goods.

C. Increase in inequalities of income

D. All the above

13. The term "business environment" encompasses:

A. Only the internal factors that affect a company's operations
B. The economic, social, political, and technological factors that influence business operations
C. Only the regulatory framework within a country
D. The financial performance of a company

14. An increase in interest rates will likely lead to

A. Higher demand for money
B. Lower demand for money
C. No change in demand for money
D. Impossible to predict.

15.Which of the following is NOT a component of the money supply in most economies?

A. Currency in circulation
B. Demand deposits
C. Time deposits
D. Cryptocurrency

16. Which of the following is NOT a component of GDP or GVA in India?

A. Private Consumption
B. Government Spending
C. Imports
D. Net Exports

17.Which of the following tools can the central bank use to influence the money supply?

A. Open market operations
B. Discount rate adjustments
C. Reserve requirements
D. All the above

18. What is the primary role of a central bank in an economy?

A. To control the money supply and interest rates

B. To regulate foreign exchange markets

C. To manage the government's budget

D. To promote economic growth through fiscal policy

19. The government carries out monetary policy through

A. Commercial bank

B. Central Bank

C. Cooperative bank

D. none of the above

20. Name the instruments which RBI does not use for quantitative control of credit

A. cash requirement ratio

B. statutory liquidity ratio

C. open market ratio

D. margin requirements

Section B: Subjective Type Questions (Short Answer Questions)

Instructions: (Attempt any Two Questions)   **Marks- (5*2= 10Marks)**

Q1. How can India avoid the middle-income trap and successfully transition to a high-income economy?

Q2. Analyze the factors influencing India's export performance. Discuss the challenges and opportunities in India's export sector and suggest measures to promote export growth.

Q3. Evaluate the impact of globalization on India's economy. Discuss the benefits and costs of globalization, and analyze how India can leverage globalization to its advantage.

Section C: Subjective Type Questions (Long Answer Questions)

Instructions: Attempt any two questions   **Marks- (20*2=40Marks)**

Q4 The Reserve Bank of India (RBI) recently decided to maintain the repo rate at 6.5%, marking the seventh consecutive time it has held rates steady. Critically evaluate the RBI's decision to maintain the repo rate in India, considering its economic context, stakeholder impact, and alternative options. Briefly discuss global factors and future scenarios influencing monetary policy.

Q5 Analyze the key features and potential implications of Nirmala Sitharaman's Union Budget for 2024-25 in India. Discuss the strengths and weaknesses of the budget in the context of India's current economic scenario and upcoming general elections.

Q6 Examine the factors influencing India's current account balance. Discuss the implications of a current account deficit or surplus for India's economic growth and stability.