

Seat No: _____

Enrollment No: _____

PARUL UNIVERSITY
FACULTY OF MANAGEMENT
BBA- Mid Term Examination

Semester: II

Subject Code: 6101154

Subject Name: Principles of Economics –Macro

Date: 13/04/2017

Time: 2 hr:00min

Total Marks: 50

Instructions

1. Attempt all questions from each section.
2. Figures to the right indicate full marks.
3. Make suitable assumptions and draw diagram wherever necessary.

SECTION-A -25 Marks

Q.1 (a) Multiple Choice Question :

(03)

1. Which of the following topics does not belong macro economics ?

- (a) National income determination
- (b) Theory of economic growth
- (c) Theory of business cycle
- (d) None of the above

2. How many components of total expenditures an open economy can have

- (a) one
- (b) two
- (c) three
- (d) four

3. Formula for per capita Income

- (a) Total National income – Total Population
- (b) Total National income + Total Population
- (c) Total National income * Total Population
- (d) Total National income /Total Population

Q.1 (b) Define following terms :

(03)

- a. Macro Economics
- b. Gross National Product
- c. Money GNP

Q.2 With the help of diagram explain Circular flow of Income covering household, business, government and abroad sector.

(06)

Q.3 What is theoretical and practical significance of macro-economic studies ?

(07)

OR

Differentiate between :

Q.3 (a) Gross Domestic Product and Gross National Product.

(04)

(b) National Income at Current Price and National Income at Constant Price

(03)

Q.4 Describe Final Product, Income and Expenditure approach of calculating National Income.

(06)

SECTION-B -25 Marks

Q.1 (a) Multiple Choice Question :

(03)

1. Business cycle is a characteristic of

- (a) a planned Economy
- (b) a mixed economy
- (c) a free market economy
- (d) all of the above

2. Which of the following monetary policy measure should be adopted to control inflation ?

- (a) Reduction of bank rate
- (b) Decrease in CRR
- (c) Increase in CRR
- (d) Open market purchase of securities

3. Fiscal Policy is concerned with
- (a) Control of money supply in the economy
 - (b) Rate of interest determination
 - (c) Revenue and Expenditure of the government
 - (d) Credit rationing

Q.1 (b) Define following terms : **(03)**

- a. Stagflation
- b. Money
- c. Business Cycle

Q.2 Discuss the credit creation process by commercial banks assuming Mr. Nandan deposits Rs. 40,000 with State Bank of India and CRR is 10%. **(06)**

Q.3 (a) Explain any two function of Money. **(04)**
(b) List down the features of Business Cycle. **(03)**

OR

Q.3 (a) List down the causes of Inflation. **(04)**
(b) Distinguish between M1 and M3 measure of Money. **(03)**

Q.4 Define Inflation and illustrate monetary policy and fiscal policy as a tool of controlling Inflation. **(06)**