PARUL UNIVERSITY
FACULTY OF MANAGEMENT
BBA 2019-2020 Internal Examination

Semester: II   Date: (03/03/2020)
Subject Code: 06101154   Time: (2hr)
Subject Name: Principles of Economics   Total Marks:40

Instructions
1. All questions are compulsory.
2. Figures to the right indicate full marks.
3. Make suitable assumptions wherever necessary.
4. Start new question on new page.

Q.1 Do as Directed.

A). Multiple choice type questions/Fill in the blanks.   (Each of 1 mark)   (05)

1. National Income is also known as _____
   a) NNP at factor cost   c) NDP at market price
   b) GDP at factor cost   d) GNP at market price

2. Consumption is a function of _____
   a) Income   c) saving
   b) Investment   d) expenditure

3   Liquidity refers to desire to hold
   a) cash   c) bank money
   b)share certificate   d) cheque

4. National Income is a _____ concept
   a) Micro   b) Individual   c) Family   d) Macro

5. Liquidity preference for speculative motive is - interest
   a) elastic   b) friendly   c) inelastic   d) directly related to interest

B).Define the following. (Each of 1 mark)   (05)

1. Voluntary Unemployment
2. Gross domestic product at market price
3. Autonomous consumption
4. Marginal Efficiency of capital
5. Full Employment

Q.2A). Explain the meaning of National Income with the difficulties to measure National Income.   (05)

B). Explain the importance of Macro Economics in detail.   (05)

Q.3 Answer the following questions.

A) If GNP at MP = 50,000, depreciation =5000, NIT = 2000,NFIA = 3000 find NNP at factor cost.   (05)

B). If MPC = 0.2 change in Investment =10,000, find multiplier & change in Income.   (05)

Q.4 Attempt any two questions. (Each of 5 marks) (10)

1. An initial increase in investment will result into a higher increase in income. Explain

2. Explain the theory pertaining to people's desire to hold cash to satisfy different motives

3. As income increases consumptions also increases but less than proportionately. Explain.

4. As the marginal propensity to consume increases it has favorable effect on income and vice a versa. Explain