

**PARUL UNIVERSITY**  
**FACULTY OF MANAGEMENT**  
**BBA, Summer 2021-2022 Examination**

Semester: 2

Subject Code: 06101154

Subject Name: Principles of Economics- Macro

Date: 23-05-2022

Time: 10:30am to 1:00pm

Total Marks: 60

**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. (Each of one mark)****(05)**

1. Capital is a \_\_\_\_\_ variable.
  - a) Stock
  - b) Flow
  - c) Rate
  - d) None of the above
2. \_\_\_\_\_ propounded the Liquidity Preference Theory of Interest.
  - a) Adam Smith
  - b) Laffer
  - c) J M Keynes
  - d) Karl Marx
3. \_\_\_\_\_ is the process of satisfying human wants.
  - a) Production
  - b) Supply
  - c) Consumption
  - d) None of the above
4. Higher the liquidity preference \_\_\_\_\_ the rate of interest.
  - a) Lower
  - b) Higher
  - c) Zero
  - d) None of the above
5. The \_\_\_\_\_ refers to a regulatory policy whereby the central bank maintains its control over the supply of money to achieve the general economic goals.
  - a) Monetary policy
  - b) Fiscal Policy
  - c) Both A and B
  - d) None of the above

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

1. Depression
2. Inflation
3. Money
4. Recession
5. Liquidity Preference

**C) Direct questions.(Each of 1 mark)****(05)**

1. Enumerate the five different stages of money.
2. What do you mean by Currency Drainage?
3. Write any 2 functions of Central Bank.
4. If CRR= 25%. Find out the credit multiplier (K).
5. What is the condition of the economy under "Expansion" stage? Write any two points.

**Q.2 Answer the following Questions.**

1. Write a short note on Variables that cause changes in the Business Cycle? **(08)**
2. Write down a short note on Limitations of Credit Creation. **(07)**

**Q.3 Answer the following.**

1. Write a short note on general objectives of Fiscal Policy. **(08)**
2. Write a short note on Classification of Investment. **(07)**

**Q.4 Attempt any two questions. (Each of 7.5 mark)****(15)**

1. Write a short note on Functions of Money.
2. Point down the differences between Microeconomics and Macroeconomics.
3. Write a note on the Objectives of Monetary Policy of India.
4. What do you mean by Consumption Function? Write down a short note on the Determinants of Consumption Function.