

PARUL UNIVERSITY
FACULTY OF MANAGEMENT
BBA Summer 2022-23 Examination

Semester: 2

Subject Code: 06101154

Subject Name: Principles of Economics -Macro

Date: 18/05/2023

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/Fill in the blanks. (Each of 1 mark)****(05)**

1. National Income Constant price is known as _____ -

a) Money Income	c) Real Income
b) Total Income	d) Net Income
2. If rise in price level is greater than the fall in output, GDP will _____?

a) Increase	c) Decrease
b) remain Constant	d) uncertain
3. Investment Multiplier deals with _____

a) the effect of change in consumption on investment on income	c) the effect of change in induced investment
b) the effect of change in autonomous investment on income	d) the effect of change in income on investment
4. Who gain during inflation?

a) Wage Earners	c) Creditors
b) Pensioners	d) Debtors
5. Decline in external value of currency is called -----?

a) Depreciation	c) Depression
b) Devaluation	d) deflation

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

1. Net national income
2. Business Cycle
3. Money
4. Stagflation
5. Repo Rate

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

1. Differentiate between GDP and GNP.
2. What is consumption function ?
3. List down any four causes of inflation.
4. Write formula of Broad Money.
5. Differentiate between BOT and BOP.

Q.2 Answer the following questions.

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

(07)

B). Explain the concept of investment multiplier and consumption function in short.

(08)**Q.3 Answer the following questions.**

A). Describe the quantitative and qualitative tools of Monetary Policy used to control Inflation.

(07)

B). Write a note on instruments of fiscal policy.

(08)

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

(15)

- 1.. Explain National income and its importance in detail.
2. Elaborate liquidity preference theory with motives.
3. Discuss the credit creation process by commercial banks assuming Ms. Monika deposits Rs. 1,000 with State Bank of India and CRR is 10%.
4. Analyze the factors causing disequilibrium in the BOP of India in last few years.