PARUL UNIVERSITY
FACULTY OF MANAGEMENT
BBA., Winter 2018 - 19 Examination

Semester: 2	**Date: 08/12/2018**
Subject Code: 06101154	**Time: 10:30am to 1:00pm**
Subject Name: Principles of Economics - II	**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 1 mark)   **(05)**

1. The economist who first built a logically consistent model of income determination

   a) Keynes   c) Paul A. Samuelson

   b) Irving Fisher   d) Milton Friedman

2. National Income at constant price is known as

   a) Money Income   c) Real Income

   b) Total Income   d) Net Income

3. Who determines the bank rate?

   a) Commercial Bank   c) Cooperative Banks

   b) Central Bank   d) Development Banks

4. What happens to exports during inflation?

   a) increase   c) remain constant

   b) uncertain   d) decrease

5. Narrow money means

   a) M_1 c) M_2

   b) M_3 d) M_4

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

1. Stagflation
2. Factor Services
3. Convertible Money
4. Propensity to consume
5. Macro Economics

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

1. What is CRR?
2. What is Investment Multiplier?
3. What are the different kinds of fluctuations?
4. What does fiat money mean?
5. What is Personal Income?

Q.2 Answer the following questions.

A). Explain fully the circular flow of income and expenditure in a four sector economy.   **(07)**

B). What is investment function? Discuss the determinants of investment expenditure.   **(08)**

Q.3 Answer the following questions.

A). What is the difference between demand pull inflation and cost push inflation? Also explain the effects of inflation on the economy.   **(07)**

B). State the credit and debit items in the current and capital account of balance of payments.   **(08)**

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

1. What is the difference between national income at current prices and national income at constant prices? Which concept is more useful as a measure of economic growth? Why?

2. How would you work out the value of investment multiplier? What are its leakages?

3. Describe the various phases of a business cycle.

4. What does monetary policy mean? Critically discuss the tools of monetary policy.