Seat No:	Enrollment No:
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PARUL UNIVERSITY

FACULTY OF MANAGEMENT BBA, Winter 2017 - 18 Examination

Semester: 2 Date: 30/12/2017

Subject Code: 06101154 Time: 10:30am to 1:00pm

Subject Name: Principles of Economics – Macro 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. Which component of income is not included in GNP calculated using income method? a) Donation c) Gift

- **b)** Unemployment Allowance d) All of above 2 Business cycle is a characteristic of ___
 - a) A planned economy c) A mixed economy **b)** A free market economy **d**) None of the above
- **3** Which of the given statement is true?
 - a) MPS+ MPC= 0c) MPS+ MPC= 1**b)** MPS+ MPC< 1 d)MPS+MPC>1
- **4.** Which type of fiscal policy should be pursed by the government during depression.
 - a) Pump priming c) Increasing tax rates **b)** Compensatory spending **d)** Imposition of new taxes
- 5 What happens to value of money during Inflation?
 - a)It falls c)It rises
- b) It remains constant d) It moves up

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

- a. Gross Domestic Product
- b. Investment Multiplier
- c. Consumption Function
- d. Balance of Payment
- e. Deflation

C) Direct questions.(Each of 1 mark)

(05)

- a. Fiscal policy
- b. Narrow Money
- c. Balance of Trade
- d. Stagflation
- e. Money

Q.2 Answer the following questions.

- A) Illustrate the concept of investment multiplier with the help of formula and illustration. (07)
- **B)** Explain Circular flow of Income covering household, business, government and abroad sector.

Q.3 Answer the following questions.

- A) Discuss the credit creation process by commercial banks assuming Ms. Devika deposits Rs. 1,000 (07)with State Bank of India and CRR is 10%.
- Describe structure of Balance of payments. (08)

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

- 1. Explain National income determination using income and expenditure approach.
- 2. Write an explanatory note on consumption Function.
- 3. Discuss the features of Business Cycle.
- 4. Discuss monetary and non monetary tools used to correct disequilibrium in the Balance of Payments.

(08)

(15)

(05)