

PARUL UNIVERSITY
FACULTY OF MANAGEMENT
BBA Examination Summer 2017-18

Semester: 2**Subject Code: 06101154****Subject Name: Principles of Economics - II****Date: 17/05/2018****Time: 10:30AM TO 01:00PM****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. Macroeconomics is a study of economics that deals with which 4 major factors
 - a) households, firms, government, and demand-supply
 - b) households, firms, government and external sector
 - c) firms, government, free-market, and regulations
 - d) none of the above
2. GNP_{Mp} equal to
 - a) $GDP_{Mp} + \text{Net factor income from abroad}$
 - b) $GDP_{Mp} - \text{Net indirect taxes}$
 - c) $NNP_{fc} + \text{Net factor income from abroad}$
 - d) None of these
3. Broad money refers to
 - a) M1
 - b) M3
 - c) M2
 - d) M4
4. Who distinguished between partial and full inflation?
 - a) Pigou
 - b) Marshall
 - c) Keynes
 - d) J.B. Say
5. The term pump priming is related with
 - a) Taxation
 - b) public expenditure
 - c) public debt
 - d) government budget

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

1. Consumption
2. Aggregate Demand Price (ADP)
3. Near Money
4. Cost- push Inflation
5. Bank Rate

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

1. Distinguish between GDP and NNP.
2. What is Marginal Propensity to Consume ?
3. State any 4 functions of Money.
4. What is Recession?
5. Write any 2 difference between BOT and BOP.

Q.2 Answer the following questions.**A). Define macro economics. Discuss the importance and limitations of macro economics.****(07)****B). Discuss Keynesian theory of income determination.****(08)****Q.3 Answer the following questions.****A). What are some of the factors that contribute to a rise in inflation? Discuss it with suitable diagram****(07)****B). Explain the process of credit creation by banks. State its limitations.****(08)**

1. What is National Income? Explain any two methods of estimating National Income and prove that these methods, if used correctly, yield the same result.
2. What does liquidity preference theory of Interest? Discuss the motives for liquidity preference of the people.
3. Explain the various kinds of economic fluctuations. Describe the characteristics of cyclical fluctuations.
4. What is disequilibrium in BOP. Discuss in detail methods of correcting disequilibrium in BOP.