



B. P. COLLEGE OF BUSINESS ADMINISTRATION

(Constituent College of Kadi Sarva Vishwavidyalaya)

MID-SEM Examination- March, 2014

Date: 11/03/2014

BBA SEM-II

Total marks: 60

Roll No.....

SUB: Basic Economics-II

Duration: 3 Hours

Q1. (a) Explain Circular Flow of Income in a Three Sector Economy. (06)

(b) What do you mean by National Income? Explain its gross concepts. (06)

Q2. (a) Answer the following: (06)

i. National income includes:

a. value of final goods and services

b. value of intermediate goods

c. value of stocks

d. none of the above

ii. Which of the following is the representative of national income in India?

a. GDP at fc

b. GNP at fc

c. NDP at fc

d. NNP at fc

iii. Consumption that is not affected by income is known as:

a. induced consumption

b. autonomous consumption

c. aggregate consumption

d. none

iv. To control recession which of the following should be attempted by the government?

a. raising public expenditure

b. reducing direct tax

c. both a and b

d. neither a nor b

v. Which of the following is/are a function(s) of money?

a. medium of exchange

b. store of value

c. transfer of value

d. all of the above

vi. Which of the following is a problem of barter system?

- a. problem of sub-division
- b. problem of production
- c. problem of relationship
- d. problem of consumption

(b) Briefly outline the problems faced in measuring national income. (06)

OR

(b) Explain the Value Added Method of measuring national income. (06)

Q3. (a) Explain the concepts Private Income, Personal Income and Personal Disposable Income. (06)

(b) What do you mean by propensity to consume? Explain its objective determinants. (06)

OR

(a) Show Consumption Function and Saving Function with the help of diagrams and explain their components. (06)

(b) Define Marginal Propensity to Consume (MPC) and Marginal Propensity to Save (MPS) and show their relationship. (06)

Q4. Explain the Keynesian Psychological Law of Consumption Function with the help of a diagram. (12)

OR

What is Business Cycle? Explain its phases with diagram. (12)

Q5. Define Money and explain its main functions. (12)

OR

Explain Cash Transaction Approach to Quantity Theory of Money. (12)