

MC-153

Seat No. _____

First Year B. B. A. Examination

March/April – 2003

Principles of Economics

Time : 3 Hours]

[Total Marks : 70

- Instructions :** (1) Draw diagram wherever necessary.
(2) Figures on the **right** indicate marks.

- 1** (a) Examine the nature and scope of economics. **7**
(b) Explain the increase and decrease in demand. **7**

OR

- 1** (a) Explain *Prof. Robbin's* definition of economics. **5**
(b) Explain law of demand with the help of utility analysis and derive the demand curve with the help of marginal utility curve. **9**

- 2** (a) Give meaning of perfect competition. Describe all characteristics of perfect competition. **7**
(b) Examine the law of supply and state the factors affecting supply. **7**

OR

- 2** (a) Explain the Ricardian theory of rent. **7**
(b) Explain the innovation theory of profit. **7**

- 3** (a) Define National Income. Discuss the various methods of measuring national income. **7**
(b) "Supply creates it's own demand" – Explain. **7**

OR

- 3** (a) Explain the consumption function of *Keynes*. **7**
(b) Explain the investment multiplier of *Keynes*. **7**

- 4 (a) Explain four main phases of business cycle. 7
(b) Examine the loanable fund theory of interest rate. 7

OR

- 4 (a) Discuss the credit creation process of a commercial bank. 7
(b) Describe the *Fisher's* transaction approach of quantity theory of money. 7

- 5 Write short notes : (any **two**) 14
(1) Comparative cost difference
(2) Functions of money
(3) Types of price elasticity of demand
(4) General tools of credit control
(5) Gains from trade.
