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

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

**OR**

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

5  Write short notes: (any **two**)  
   (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.