

Seat No. : \_\_\_\_\_

**AS-103**

**May-2016**

**B.B.A., Sem.-II**

**CC-111 : Principles of Economics (Macro)**

**Time : 3 Hours]**

**[Max. Marks : 70**

1. (a) Discuss the scope of Macro Economics in detail. 7  
**OR**  
(a) Explain Circular flow of Income with the help of diagrammatic presentation.  
(b) What are the problems associated with the measurement of National Income ? 7  
**OR**  
(b) Write a note on the following :  
(1) Any one Method of Measuring National Income 4  
(2) Personal Disposable Income 3
2. (a) Write a detailed note on Investment Function. 7  
**OR**  
(a) Explain in nutshell the Keynesian theory of Income and Employment.  
(b) Explain the Keynes' Consumption function in detail. 7  
**OR**  
(b) Short Note - Liquidity Preference Theory
3. (a) Define Money and explain the functions of Money. 7  
**OR**  
(a) Highlight different phases of Business cycle and its effect on business.  
(b) What measures have been taken by the government to control the rising prices ? 7  
**OR**  
(b) Explain the process of credit creation with suitable example.
4. (a) What is Monetary Policy ? Discuss its objectives. 7  
**OR**  
(a) Give the Structure of Balance of Payment.  
(b) Elucidate how 'devaluation' and 'deflation' can be used to correct the adverse BOP. 7  
**OR**  
(b) Discuss critically the tools of Fiscal Policy used by the country.

5. Answer the following :

- (1) The term 'Macro' is derived from \_\_\_\_\_ word  
 (a) French (b) German (c) Greek (d) English
- (2) What would you add in GDP so that you obtain GNP  
 (a) Taxes (b) NFIA (c) Subsidy (d) Transfer Payment
- (3) National Income at constant prices is known as \_\_\_\_\_ Income.  
 (a) Money (b) Total (c) Net (d) Real
- (4) The reciprocal of the Marginal propensity to save gives the value of the \_\_\_\_\_  
 (a) Savings (b) Consumption (c) Investment (d) Multiplier
- (5) Keynesian theory of Income and Employment is concerned with \_\_\_\_\_ investment.  
 (a) Public (b) Autonomous  
 (c) Induced (d) Financial
- (6) The psychological law of consumption given by Keynes applies to \_\_\_\_\_  
 (a) Long-run (b) Medium term (c) Short run (d) All
- (7) Broad Money refers to \_\_\_\_\_  
 (a)  $M_1$  (b)  $M_2$  (c)  $M_3$  (d)  $M_4$
- (8) Deposits arising from granting of loans by banks are known as \_\_\_\_\_ deposits.  
 (a) Primary (b) Derivative (c) Current (d) Fixed
- (9) During deflation, exports tend to \_\_\_\_\_  
 (a) Increase (b) Remains constant  
 (c) Decrease (d) Uncertain
- (10) How many phases a business cycle has ?  
 (a) Two (b) Three (c) Four (d) Five
- (11) The term pump priming is related with  
 (a) Public debt (b) Public expenditure  
 (c) Taxation (d) Government Budget
- (12) Which of the following tools does not belong to Monetary Policy ?  
 (a) Bank Rate (b) Credit Rationing  
 (c) CRR (d) Taxes
- (13) Sale of gold abroad is referred to as  
 (a) Debit item in Current A/c (b) Credit item in Capital A/c  
 (c) Credit item in Current A/c (d) Debit item in Capital A/c
- (14) Devaluation means the deliberate \_\_\_\_\_ in the value of a currency in terms of gold or other currencies by the government.  
 (a) increase (b) reduction (c) uncertainty (d) hike