

B.B.A. Sem.-2 Examination

CC-111

Principles of Economics (Macro)

Time : 2-30 Hours]

May-2025

[Max. Marks : 70

- Instructions :** (1) All questions are compulsory.
(2) All questions carry equal marks.

- 1 (a) What are the problems associated with the measurement of National Income. 07
(b) Discuss the scope of macro economics. 07
- OR**
- 1 (a) Explain the three methods of measuring National Income. 07
(b) Define Macro Economics. Discuss the importance of it. 07
- 2 (a) Explain the Keynes' Consumption Function in detail. 07
(b) Discuss the limitations of Investment Multiplier. 07
- OR**
- 2 (a) Write a note on marginal efficiency of capital. 07
(b) Write a note on Liquidity Preference theory. 07
- 3 (a) Explain the functions of Money. 07
(b) Discuss the phases of business cycle. 07
- OR**
- 3 (a) Discuss demand-Pull and Cost-Push inflation in detail. 07
(b) Explain the process of Credit Creation by Commercial Banks. 07
- 4 (a) Discuss the tools of Fiscal Policy. 07
(b) Discuss the objectives of monetary Policy. 07
- OR**
- 4 (a) Describe quantitative and qualitative tools of monetary Policy. 07
(b) Write a note on balance of Payment. 07
- 5 Do as directed (Any seven) : 14
- (1) What would you add in GDP so that you obtain GNP?
(a) Transfer Payment
(b) Net factor Income from abroad
(c) Taxes
(d) Subsidy.
- (2) GNP at factor Cost = GNP at Market Prices - Indirect taxes + Subsidies (True/False)
- (3) Which of the following does not belong to macro economics?
(a) Theory of general Price level
(b) Theory of Interest
(c) National Income
(d) Investment function.

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- (4) Which statement is true?
(a) $C = f(y)$
(b) $C = f(y, r)$
(c) $C = f(r)$
(d) $C = f(y, I)$
- (5) On what does speculative demand for money depend?
(a) Income
(b) MEC
(c) Interest
(d) Wage rate
- (6) The Psychological Law of consumption given by Keynes applies to
(a) Long run
(b) Medium run
(c) Short run
(d) None of above
- (7) Credit money refers to
(a) Coins
(b) Legal tender money
(c) Bank money
(d) None of above
- (8) What happens to value of money during inflation?
(a) It rises
(b) It falls
(c) Constant
(d) Zero
- (9) Wave-like changes in business activities are called.
(a) Secular changes
(b) Seasonal changes
(c) Random changes
(d) Business cycles
- (10) Monetary Policy is implemented by
(a) Commercial banks
(b) Development banks
(c) Central bank
(d) None of above
- (11) Which of the following tools does not belong to Fiscal Policy?
(a) Tax revenue
(b) Public debt
(c) Public expenditure
(d) Credit creation
- (12) As compared to balance of Payments, balance of trade is concept.
(a) A Wider
(b) A narrow
(c) A comprehensive
(d) None of above.
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