

Seat No. : _____

ND-115

November-2017

B.B.A., Sem.-II

CC-111 : Principle of Economics (Macro)

Time : 3 Hours]

[Max. Marks : 70

1. (A) Define Macro Economics. Discuss the scope of Macro Economics. 7
OR
Explain conceptual and practical difficulties arising in calculating National income.
- (B) Explain the three methods of measuring National income. 7
OR
Distinguish between :
(i) Personal income and Disposable income.
(ii) GNP and GDP.
2. (A) Write a note on consumption function. 7
OR
Define Investment multiplier. Discuss the leakages of Multiplier.
- (B) Write a note on Investment Function. 7
OR
Explain the liquidity preference theory of interest.
3. (A) Explain the functions of Money in detail. 7
OR
Clarify the concepts of demand Pull and cost push inflation.
- (B) Describe the various phases of Business cycle. 7
OR
Explain the effects of inflation on different classes of the society.
4. (A) Explain quantitative tools of monetary policy with its limitations. 7
OR
Discuss objectives of Fiscal Policy.
- (B) Discuss the tools of Fiscal Policy. 7
OR
Discuss the methods of correcting an adverse balance of payments.

5. Write the correct answer for the following questions :

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- (1) The term 'macro' is derived from _____.
(A) French word (B) German word
(C) Greek word (D) English word
- (2) Which of the following topics does not belong to Macro Economics ?
(A) Investment function (B) Consumption function
(C) Theory of Rent (D) Theory of General Price Level
- (3) National income is a coin with
(A) two sides (B) three sides
(C) four sides (D) five sides
- (4) Which statement is true ?
(A) $C = f(y)$ (B) $C = f(r)$
(C) $C = f(y, r)$ (D) $C = f(y, I)$
- (5) The formula for investment multiplier is
(A) $\frac{1}{MPC}$ (B) $\frac{1}{MPS}$
(C) $\frac{1}{1 + MPS}$ (D) $\frac{1}{1 + MPC}$
- (6) Narrow money refers to
(A) M_1 (B) M_2
(C) M_3 (D) M_4
- (7) What happens to value of money during inflation ?
(A) Falls (B) Rises
(C) Remains constant (D) None of the above
- (8) Who introduced the concept of inflationary gap ?
(A) Pigou (B) Keynes
(C) Robertson (D) Samuelson
- (9) Business cycle is a characteristic of
(A) Planned economy (B) Mixed economy
(C) Free Market Economy (D) Communist economy
- (10) Balance of trade is a _____
(A) Wider concept (B) Narrow concept
(C) Comprehensive concept (D) An inclusive concept
- (11) Micro means Large. (True/False)
- (12) During recession the Bank credit decreases. (True/False)
- (13) Monetary Policy is formed by Central Government. (True/False)
- (14) The value of investment multiplier depends on MPC. (True/False)