PARUL UNIVERSITY
FACULTY OF ARTS
B.A Summer 2017 – 18 Examination

Semester:3   Date: 29/05/2018
Subject Code: 15101201   Time: 10.30 am to 1.00 pm
Subject Name: Macroeconomics-I   Total Marks: 60

Instructions:
1. All questions are compulsory.
2. Figures to the right indicate full marks.
3. Make suitable assumptions wherever necessary.
4. Start new question on new page.

Q.1 Do as directed.   (08)

A. Multiple choice type questions. (Each of 0.5 mark)

1 A _____variable has no time dimension.
   a) stock   b) flow   c) both a and b   d) none

2 The total supply of money is a _____concept.
   a) stock   b) flow   c) both a and b   d) none

3 Flow variable must specify the period of time to which this flow refers.(true/false)

4 GDP includes income earned by the foreigners in the country. (true/false)

5 _____are leakage from the circular flow of economy.
   a) income   c) saving   d) consumption   d) none

6 The classical theory assumes the existence of_____.
   a) unemployment   b) underemployment   c) full employment   d) none

7 Prof. Pigou formulated Say's law in terms of_____.
   a) labour market   b) money market   c) both a and b   d) none

8 "Supply creates its own demand" given by J.B.Say. (true / false)

9 Keynes had divided the different sources of income into four sectors namely' household sector, business sector, government sector, and foreign sector.(true/false)

10 Aggregate Income = Consumption(C) + _____?
   a) Saving (S)   b) income (y)   c) interest (R)   d) none

11 GDP measures the _____value of output produced by the economy over a year.
   a) aggregate money   b) aggregate demand   c) both a and b   d) none

12 Macro economics as a separate branch come to be studied after the contributions of _____ Economist.
   a) J.M.Keynes   b) Marashall   c) Adam Smith   d) none

13 Concept of multiplier is developed by R.F.Kahn. (true/false)

14 The formula for multiplier is _____.
   a) $\Delta I/\Delta K$ b) $\Delta Y/\Delta I$ c) both a and b   d) none

15 The classical economists postulated that an economy is always in the state of _____.
   a) disequilibrium   b) equilibrium   c) both a and b   d) none

16 Marginal propensity to consume is_____.
   a) c/y   b)$\Delta c/\Delta y$ c) s/y   d)$\Delta s/\Delta y$

B. **Terms/ Short notes/ Case study/ Charts/ Graphs/ Tables, etc. (Each of 01 mark)**   (07)
   1. Full employment
   2. Investment
   3. Aggregate supply:
   4. Circular flow of income
   5. Marginal Propensity to Saving
   6. Macroeconomics:
   7. GDP

Q.2 Answer the following.

  A. Explain the concept of stock and flow variable. (04)
  B. What is Marginal Propensity to Consume and Marginal Propensity to Save? (04)
  C. What is investment multiplier? (04)

<div align="center">OR</div>

  C. What are the propositions of say's law of market? (04)

Q.3 Answer the following.

  A. Explain criticisms of say's law of market. (05)
  B. Explain rate of interest determination in money market. (05)
  C. Explain macroeconomics issues. (05)

<div align="center">OR</div>

  C. Explain circular flow of income in two sector model. (05)

Q.4

  A. Explain Keynes theory of national income determination. (06)
  B. Explain circular flow of income in four sector model. (06)
  C. Explain Keynes objection to classical theory. (06)

<div align="center">OR</div>

  C. Explain working of investment multiplier with help of schedule and diagram. (06)