

**PARUL UNIVERSITY**  
**FACULTY OF ARTS**  
**B.A Summer 2018 – 19 Examination**

**Semester: 4**  
**Subject Code: 15101252**  
**Subject Name: Macroeconomics-II**

**Date:12/04/2019**  
**Time:02:00pm to 4:30pm**  
**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. What happens to the “demand” for the “goods and services” when the “consumption” for them “rises”?
 

a) Decreases	c) No change
b) Increases	d) None of the above
2. Which of the following “words” is “not” related to the “investment” done by an individual?
 

a) Spending	c) Revenue
b) Expenditure	d) Expense
3. An “increase” in the “consumption” at any “level of income” is likely to lead to
 

a) Higher Aggregate Demand	c) A fall in revenue received in the form of taxes
b) An increase in the exports	d) Decrease in import spending
4. What is the “term” used for the “money received” by an individual?
 

a) Expenditure	c) Income
b) Rent	d) Buying
5. Which of the following is “not” the “functions of money”?
 

a) Medium of Exchange	c) Buying of goods and services
b) Suffering from losses for a long-time	d) Selling of assets
6. Which of the following is related to the “money” that is “distributed” to the “citizens” as well as to the various institutions of a country?
 

a) Money Demand	c) Money Supply
b) Loan Money	d) Money deposited in Banks
7. Which one of the following is “not” part of the “financial institutions”?
 

a) Banks	c) Agricultural financial institutions
b) Stock Markets	d) Customers
8. Which one of the following is “not” the “types of money”?
 

a) Commodity Money	c) Deposit Money
b) Fiat Money	d) Commercial Bank Money
9. Which one of the following “terms” is related to the “Interest Money” received by an individual?
 

a) Income	c) Investment
b) Expenditure	d) Spending
10. Which one of the following is “not” associated with the two main “terms” used in “Classical Theory of Interest” by which the equilibrium is established in this theory?
 

a) Supply of Savings	c) Demand for wages
b) Demand for Savings	d) Interest received and paid as part of demand for and supply of savings
11. What happens to the “prices” of the “commodities” when the “demand for money” is “more” than the “supply of money”?
 

a) Increase	c) Remains constant
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- b) Decrease  
d) None of the above
12. Which of the following “words” is related to the “amount” of a “particular thing” such as goods, services, human resources etc that is “used” by an “organization”?  
a) Quality  
b) Quantity  
c) Output  
d) Profit
13. Which one of the following “terms” is used in Economics for saying about the “general increase” in the “price level” of the “commodities”?  
a) Crisis  
b) Recession Period  
c) Boom Period  
d) Inflation
14. What happens to the “production” and “provision of goods and services” when there is high level of “unemployment” in the country?  
a) Increases  
b) Decreases  
c) Doesn’t change  
d) Becomes very high
15. Which of the following is “related” to making “decisions” about the “flow of money into” and “out” of a nation?  
a) Monetary Policy  
b) Fiscal Policy  
c) Budget Policy  
d) Financial Policy
16. What happens to the “demand” for the “goods and services” in the markets level when the situation of “unemployment” occurs?  
a) Increases  
b) Decreases  
c) Remains constant  
d) None of the above

**B. Terms/ Short notes/ Case study/ Charts/ Graphs/ Tables, etc. (Each of 01 mark) (07)**

1. Define the word “Investment”.
2. What do we mean by “Money Supply”? State it.
3. What do we understand by “Banks”? Give any one example of it.
4. State the meaning of “Money Demand”.
5. What do we mean by “Interest” which is paid on the “loan amount” taken by an individual?
6. State the meaning of “Inflation”.
7. Give any one “example” related to “Fiscal Policy”.

**Q.2 Answer the following.**

- A. Explain the main features of the “Life-Cycle Hypothesis Theory”. (04)
- B. The Money is an important instrument used by all the individuals in their day to day lives. Describe the “functions of Money”. (04)
- C. There are some differences between “demand-pull inflation” and “cost-push inflation”. Explain the “differences” between these two types of inflation. (2 for each) (04)

**OR**

- C. Describe the salient “features” of the “Classical theory of Interest”. (04)

**Q.3 Answer the following.**

- A. “Monetary Policy” is one of the “Macroeconomic Policies”. Elaborate on the distinct “features” of this policy. (05)
- B. “Portfolio Theory” is one of the theories in Economics. Describe the “characteristics” of this theory. (05)
- C. There are various sources of “Money Supply”. Explain the “features” of any 5 of the “sources” of the Money Supply. (05)

**OR**

- C. Give any “one example” of “Unemployment” and the “characteristics” of the “types” of unemployment that are prevalent in a country. (Any 4 types of it) (05)

**Q.4**

- A. Describe the salient “features” of the “Friedman’s theory of Consumption”. (06)
- B. Explain the “characteristics” with respect to the “Cambridge Version of Money”. (06)
- C. Describe the “features” of the fiscal policy as one of the macroeconomic policy. (06)

**OR**

- C. Elaborate on the “distinct characteristics” of the short-run Philips Curve" with a suitable diagram of it. (06)