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

Semester: 3   **Date: 04/12/2017**
Subject Code: 15101201   **Time: 10:30am to 1:00pm**
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 (A) Choose the appropriate answer from the following.   **(08)**

1. GDP =_____.
   A) C + I + G   C) C + G + X
   B) C + I + G + x   D) None of these

2. _____ is the sum total of Gross value added of all firms in country minus the depreciation.
   A) GDP   C) NDP
   B) NNP   D) GNP

3. Macro economics as a separate branch come to be studied after the contributions of _____ Economist.
   A) Adam Smith   C) Samulson
   B) J.M.Keynes   D) None of these

4. _____ is the quantity or value of certain economic variables given at a point of time.
   A) Stock Variable   C) Economic Variable
   B) Flow Variable   D) None of these

5. _____ are the variables that are expressed per unit of time.
   A) Stock Variable   C) Economic Variable
   B) Flow Variable   D) None of these

6. The classical economists built their full employment models on the rational of
   A) Quantity theory of Goods   C) Say's law
   B) Wicksells law   D) All of the above

7. The classical solution to unemployment of productive resources is_____.
   A) To increase deficit spending   C) To lower profit
   B) To lower money wages   D) To lower the money supply

8. The formula for multiplier is _____
   A) K = 1/1- MPC   C) K = 1/MPC-1
   B) K = 1/1 - APC   D) K = 1/APC-1

9. The multiplier effect of an initial increase in investment depends on _____?
   A) price level   C) Employment
   B) Advertisement   D) Marginal Propensity to consume

10. The main postulates of the classical economics is/are_____.
   A) Full employment   C) The economy is always in state of
   B) Money does not matter   equilibrium
                                     D) All of the above

11. J.B.Say, a French economist, is mostly known for this_____.
   A) Law of demand   C) Law of returns
   B) Law of market   D) Law of consumption

12. Say's law of markets is the foundation of the
    A) Keynesian theory
    B) New classical theory
    C) Classical theory
    D) Post Kenesian theory

13. Keynes General Theory was published in
    A) 1929
    B) 1933
    C) 1930
    D) 1936

14. Keynes theory seeks to replace laissez-faire by_____.
    A) Non-intervention
    B) Monetarism
    C) State intervention by the state
    D) All of the above

15. Marginal popenstity to consume is_____.
    A) $\Delta C/\Delta Y$
    B) $\Delta I/\Delta Y$
    C) C/Y
    D) none of these

16. _____found the concept of multiplier.
    A) R.F.Kahn
    B) Keynes
    C) J.B.Say
    D) None of these

Q.1 (B) Give meaning.   **(07)**
    1. Investment Multiplier   2. Consumption Function
    3. Macro Economics   4. Marginal propensity to consume
    5. GDP   6. Full employment
    7. Real Wages

Q.2   Give answer of following questions.
A.   What are endogenous and exogenous variables?   **(04)**
B.   What is consumption function.   **(04)**
C.   What are GNP and NNP?   **(04)**

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

C.   Explain concept of MPC and APC.   **(04)**

Q.3   Write a note on:
A.   Explain circular flow of income in three sector model.   **(05)**
B.   Explain Say's law of market.   **(05)**
C.   Discuss Keynes' objection to the classical theory of employment.   **(05)**

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

C.   Discuss leakages of investment multiplier.   **(05)**

Q.4 (A) Discuss the determination of output and employment under money market in classical   **(06)**
         theory

Q.4 (B) Explain the income determination in government sector model.   **(06)**

Q.4 (C) What is multiplier? Explain the working of investment multiplier.   **(06)**

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

Q.4 (C) Explain classical theory of employment under Labour market with is limitations.   **(06)**