

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

**Semester: 3**  
**Subject Code: 15101201**  
**Subject Name: Macroeconomics**

**Date: 29/11/2018**  
**Time: 10:30 am to 1:00 pm**  
**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. The variables which remain fixed over a period of time are called as -----.  
 a) Flow  
 b) Stock  
 c) Fluctuating  
 d) Stable
2. The aggregate demand function which is a part of the Macroeconomic Aggregates is the quantity of the goods and services demanded by ----- of the consumers in the market.  
 a) All  
 b) Some  
 c) Individual  
 d) Various
3. Which of the following is not an issue of the Macroeconomics?  
 a) Poverty  
 b) Unequal distribution of resources  
 c) Use of poor technology  
 d) Proper functioning of the government
4. The GDP which is a concept of Macroeconomics helps in measuring the ----- of a country.  
 a) Developmental Rate  
 b) Production  
 c) Growth Rate  
 d) Income Level
5. The two -sector circular flow model of National Income includes the households and the ----- as the main sectors of the economy.  
 a) Government  
 b) Trading Sector  
 c) Industries  
 d) Business Firms
6. The three- sector circular flow model of National Income includes the households, firms and the -- ----- sector as the main sectors of the country's economy.  
 a) Organisation  
 b) Government  
 c) Firms  
 d) Agriculture
7. When the national income of the country increases, the social welfare of the country also -----.  
 a) Decreases  
 b) Increases  
 c) Remains constant  
 d) None of the above
8. The Nominal Income does not include the economic aspect of -----.  
 a) Employment  
 b) Inflation  
 c) Processes  
 d) Public Facilities
9. Which economist had introduced the Say's Law of Market?  
 a) Adam Smith  
 b) Alfred Marshall  
 c) J.B. Say  
 d) Schumpeter
10. What do you mean by the word full employment which was assumed by the classical economists?  
 a) Full utilisation of the resources  
 b) Full utilisation of all the technology which is employed  
 c) Full using of the raw materials  
 d) Full employment of the goods produced by the producers
11. Keynes believed that the production of goods can be ----- according to the demand of the goods by the producers.  
 a) Same  
 b) Varied  
 c) Excessively high  
 d) Stabilised

12. In the classical system of the output and employment, the prices of the goods produced are determined by the forces of the demand and -----.
- a) Market  
b) Services provided  
c) Goods produced  
d) Supply
13. The concept of the investment multiplier discusses about the ----- in the amount of the investment which is done in the country.
- a) Increase  
b) Decrease  
c) No change  
d) Constant stability
14. Which is the fourth sector involved in the income determination of a four-sector model?
- a) Households  
b) Firms  
c) Government  
d) Foreign Trade Sector
15. The foreign trade sector consists of the exports and the ----- of the country.
- a) Consumption  
b) Production  
c) Imports  
d) Selling
16. What does the government collect from the people in the form of revenue in a country?
- a) Salary  
b) Pension  
c) Taxes  
d) Wages

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

1. Define the word "issue" which are faced by a country's economy.
2. Explain any one difference between "stocks" and "flows".
3. Define the term "dependent variable" along with one example of it.
4. Explain any one feature of the "Happiness Index".
5. State any one assumption of the "Say's Law of Market".
6. What do you mean by "full employment"? State its meaning.
7. Define the term "Investment Multiplier".

**Q.2 Answer the following.**

- A. Describe the main features related to the "Nature of Macroeconomics". (04)
- B. Describe the concept of the Investment Multiplier and its applicability in the low developed countries. (04)
- C. Explain the basic "concepts and functions" with respect to the Keynesian school of thought. (04)

**OR**

- C. Describe the main features with respect to the "Say's Law of Market" with its diagram. (04)

**Q.3 Answer the following.**

- A. Describe the main features of the Macroeconomic Aggregates. (05)
- B. In the classical system, the output and employment is determined. Explain the main features of it by including the concept of full employment in it. (05)
- C. Explain the main characteristics with respect to the income determination with the government sector along with its diagram. (05)

**OR**

- C. Explain the circular flow of income in a 2- sector model along with its diagram. (05)

**Q.4 Answer the following.**

- A. Our economy faces various problems (issues) in carrying out the development of the country. Explain the Macroeconomic problems faced by a country in detail. (06)
- B. Keynes who was also an economist had opposed against the classical theory of output and employment. Explain the features of the main arguments of Keynes against the classical system. (06)
- C. Explain the circular flow of income in a three-sector model along with its diagram. (06)

**OR**

- C. Describe the main features of the income determination with the foreign trade sector by drawing its model also. (06)