

PARUL UNIVERSITY
FACULTY OF COMMERCE
B.Com.(Hons) Summer 2017 – 18 Examination

Semester: 3
Subject Code: 16100203
Subject Name: Macroeconomics

Date: 31/05/2018
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.**A) Multiple choice type questions. (Each of one mark)****(06)**

- 1 _____ cannot accept demand deposits

a) NBFBI	b) Commercial bank
c) rural banks	d) Private bank
- 2 _____ Commercial banks have to keep with central bank

a) CRR	b) SLR
c) FER	d) None
- 3 _____ are leakage from the circular flow of economy

a) Profit	b) investment
c) saving	d) interest
- 4 _____ Inflation happens when the aggregate demand increases more than supply.

a) cost push	b) demand pull
c) hyper inflation	d) none
- 5 _____ is caused when prices are falling more than proportionately to the outputs of goods and services in the economy as a result of decrease in the money supply.

a) Deflation	b) inflation
c) recovery	d) boom
- 6 The prefix 'macro' is derived from the Greek word _____ meaning, 'large'.

a) mikros	b) makros
c) Both a and b	d) none

B) Definitions / One-liners / Terms. (Each of one mark)**(06)**

1. Money:
2. Inflation:
3. Tax
4. Commercial banks
5. Recession
6. Cost push Inflation

Q.2 Short Note Questions. (Each of 04 mark)**(12)**

- 1 Demand pull inflation
- 2 Non-banking financial institution
- 3 Circular flow of income

Q.3 Answer the following. (Any Three)**(18)**

- 1 Explain major macroeconomic issues.
- 2 Explain main functions of money.
- 3 Explain phases of business cycle.
- 4 Explain objectives and instruments of fiscal policy.

Q.4 Answer the following. (Any two)**(18)**

- 1 What is tax? Explain classification of taxes.
- 2 What are the objectives of monetary policy? Explain instruments of monetary policy.
- 3 Explain credit creation process of commercial bank.