

PARUL UNIVERSITY
FACULTY OF LAW
B.B.A. LL.B., Winter 2018 – 19 Examination

Semester: 3

Subject Code: 17303203

Subject Name: Macro Economics

Date: 01/11/2018

Time: 10:30am to 1:00pm

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 (MCQ) (1 marks each. All Compulsory)**(15)**

1. Workers at a steel plant are laid off because the economy is weak and the demand for products requiring steel has fallen. What type of unemployment best describes the workers situation?

- | | |
|-----------------------------|----------------------------|
| a) Frictional unemployment. | b) Cyclical unemployment. |
| c) Natural unemployment | d) Structural unemployment |

2. When national income is estimated by expenditure method, we include:

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|---|------------------------------|
| a) All govt. expenditure | b) All household expenditure |
| c) All expenditure of the business sector | d) All of the above |

3. When there are vacancies in the job-market, but also high levels of unemployment, then we could say that this unemployment is?

- | | |
|-----------------------------|----------------------------|
| a) Frictional unemployment. | b) Cyclical unemployment. |
| c) Natural unemployment | d) Structural unemployment |

4. When income increases, consumption;

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|---------------------|------------------|
| a) Increases | b) Decreases |
| c) Remains constant | d) None of these |

5. Which of the following is not macroeconomics:

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|---------------------------------------|---------------------------------------|
| a) Inflation | b) Unemployment |
| c) Level of wages in garment industry | d) The level of output in the economy |

6. Structural unemployment often occurs when:

- | | |
|-------------------------------------|--|
| a) The economy enters a recession | b) People first enter the labor force |
| c) People are discriminated against | d) People lose a job because their skills are no longer needed |

7. If new computers are being installed in a company and some employees are fired from the job due to lack of computer knowledge then what kind of unemployment will it be called?

- | | |
|-----------------------------|----------------------------|
| a) Frictional unemployment. | b) Cyclical unemployment. |
| c) Natural unemployment | d) Structural unemployment |

8. What is the right formula to know the unemployment rate?

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|---|---|
| a) Total number of unemployed / total labour force x 1000 | b) Total labour force / Total number of unemployed x 100 |
| c) Total number of unemployed / total labour force X 100 | d) Total labour force / Total number of unemployed x 1000 |

9. GDP measures:

- | | |
|-----------------------|-----------------------|
| a) Net trade income | b) A country's wealth |
| c) A country's income | d) Consumer spending |

10. The labor force is made up of:

- | | |
|---|---|
| a) those employed. | b) those unemployed and not looking for work. |
| c) those unemployed and looking for work. | d) both a and c. |

11. The expression "too much money chasing too few goods," best describes:
 - a) recession
 - b) inflation
 - c) hyperinflation
 - d) deflation
12. When did the Great Depression hit the United States?
 - a) 1929
 - b) 1776
 - c) 1936
 - d) 1947
13. Tastes & first choices are determinants of
 - a) supply
 - b) demand
 - c) demand curve
 - d) elasticity
14. It is added to GDP to get GNP
 - a) Depreciation allowance
 - b) Direct taxes
 - c) Subsidies
 - d) Net income from abroad
15. Which is the largest figure:
 - a) GDP
 - b) NNP
 - c) GNP
 - d) All of the above

Q.2 A) Answer the following (Each of three mark) (15)

1. What is NAI? Why is it mainly done for?
2. Explain Surplus and Shortage with graph.
3. Explain measures to check country's position in detail.
4. Explain types of unemployment in detail.
5. Explain the factors affecting national income?

Q.3 A) Was the Keynesian theory a solution to the great depression? Justify your answer. (08)

OR

Write a short note on macroeconomics before the great depression. (08)

B) Difference between Micro and Macro Economics. (07)

OR

Explain GDP, GNP, NNP and NNP at factor cost. (07)

Q.4 A) Auto workers have been concerned that domestic auto producers are going to introduce (07)

highly automated plants with robotic equipment. This would cause widespread unemployment in an industry already badly hurt by imported cars. The communities where cars are built are heavily dependent on auto employment so if the employment in the auto industry goes down, there is no place for these displaced workers to find jobs. Unemployment in these areas will be severe and long term.

a. If this situation occurred, how would you classify the unemployment?

b. What solution would you suggest?

B) Answer the following (Any 4 each of two mark) (08)

1. Which one is a better measure nominal GDP or real GDP? Why?
2. What are the main goals of Economist? Why?
3. Who are discouraged workers and underemployed workers?
4. What is NI?
5. What is GDP? Explain types of GDP.
6. How to measure the rate of inflation?