

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

Semester: 3

Subject Code: 17302203

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. Which statement is true?
 

a) $NNP = GDP - \text{Depreciation}$	b) $NNP = NI$
c) $NNP = GNP - \text{Depreciation}$	d) $NNP = DPI - \text{Depreciation}$
2. It is added to GDP to get GNP
 

a) Depreciation allowance	b) Direct taxes
c) Subsidies	d) Net income from abroad
3. Which of the following people would be considered unemployed?
 

a) A full-time college student.	b) A recent high school graduate looking for a first job.
c) A retired school teacher collecting social security benefits.	d) A homemaker contributing 15 hours per week as a volunteer worker in a hospital.
4. Which is the largest figure:
 

a) GDP	b) NNP
c) GNP	d) All of the above
5. To a great extent market can offer is
 

a) supply	b) demand
c) demand curve	d) elasticity
6. The expression "too much money chasing too few goods," best describes:
 

a) recession	b) inflation
c) hyperinflation	d) deflation
7. The natural rate of unemployment is likely to fall if:
 

a) Unemployment benefits increase	b) Income tax increases
c) More training is available for the unemployed	d) Geographical immobility increases
8. When did the Great Depression hit the United States?
 

a) 1936	b) 1776
c) 1929	d) 1947
9. 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
10. 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

11. Consider the following statements and identify the right ones:
- While calculating GDP, income generated by foreigners in a country is taken into consideration
  - While calculating GDP, income generated by nationals of a country outside the country is taken into account
- only [ii]
  - only [i]
  - both [i] and [ii]
  - none
12. When income increases, consumption;
- Remains constant
  - Decreases
  - Increases
  - None of these
13. Structural unemployment often occurs when:
- The economy enters a recession
  - People first enter the labor force
  - People are discriminated against
  - People lose a job because their skills are no longer needed
14. What is the right formula to know the unemployment rate?
- Total number of unemployed / total labour force x 1000
  - Total labour force / Total number of unemployed x 100
  - Total number of unemployed / total labour force X 100
  - Total labour force / Total number of unemployed x 1000
15. Which of the following is not macroeconomics:
- Inflation
  - Level of wages in garment industry
  - Unemployment
  - The level of output in the economy

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

- How is the role of government different in classical and Keynesian theory?
- Explain policy of 'Laissez Faire'
- Explain the factors affecting national income?
- Explain inflation, deflation, hyperinflation and stagflation.
- Explain measures to check country's position in detail.

**Q.3 A) Write a short note on macroeconomics before the great depression. (08)**

**OR**

Write a note on Keynesian theory a solution to the great depression. (08)

**B) Explain various ways to measure national income in detail. (07)**

**OR**

Difference between Micro and Macro Economics. (07)

**Q.4 A) (07)**

ITEMS	\$ MILLIONS
Personal consumption expenditure	640.00
Gross Private Domestic Investment	180.00
Government expenditure	220.00
Exports of goods and services	175.00
Imports of goods and services	202.00
Subsidies	48.00
Indirect business taxes	322.00
Consumption of fixed capital	115.00
Net property income from abroad	80.00

[i] Define Gross Domestic Product (GDP)

[ii] Calculate the:

- a. Gross Domestic Product (GDP)
- b. Gross National Product (GNP)
- c. Net National Product (NNP)
- d. Net National Product (NNP) at factor cost

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

**(08)**

1. Define Macro economics and give example.
2. Who are discouraged workers and underemployed workers?
3. Which one is a better measure nominal GDP or real GDP? Why?
4. What is GDP? Explain types of GDP.
5. What are the main goals of Economist? Why?
6. What is NAI done for?