Seat No:_____ Enrollment No:____

PARUL UNIVERSITY

FACULTY OF LAW

I-B.Com. LL.B. Winter 2019 - 20 Examination

Semester: 3	\mathbf{D}	ate: 05/12/2019

Subject Code: 17302203 Time: 10.30 am to 1.00 pm

Subject Name: Macro Economics 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. (1 marks each.)

- 1. Classical Theory believes that full-employment is the employment level the economy will return to, and tends to remain at in the long run
 - (A)Agree (B)Disagree
- 2. Gross Domestic Product can be measured as the sum of
 - (A)final goods and services, intermediate goods, transfer payments, and rent
 - (B)consumption, investment, government purchases, and net exports
 - (C)consumption, transfer payments, wages, and profits
 - (D) Net National Product, Gross National Product, and Disposable personal income
 - (E) investment, wages, profits, and intermediate production
- 3. Which of the following is not a Macroeconomic aggregate
 - (A) Capital formation
 - (B) Balance of payments
 - (C) Capital inflow
 - (D) International economic issues
- 4. There are no payments made to the services earned by the firms or Industries through the households in three sector model.
 - (A)Agree (B)Disagree
- 5. If your grandparents buy a newly built retirement home, this transaction would affect economy
 - (A) investment (C) both (A) & (B)
 - (B) consumption (D) None
- 6. Macroeconomic policy instruments are macroeconomic quantities that can be directly controlled by an economic policy maker
 - (A)Agree (B)Disagree
- 7. The marginal propensity to consume is
 - A) increasing if the marginal propensity to save is increasing.
 - B) the proportion of total disposable income that the average family consumes.
 - C) the change in consumer spending divided by the change in aggregate disposable income.
 - D) the change in consumer spending minus the change in aggregate disposable income
- 8. Supply creates the supply for the other goods as per the Say the economist
 - (A)Agree (B)Disagre
- 9. Banks create money when they
 - (A) make loans
- (B) take deposits
- (C) hold excess reserves
- (D) pay withdrawals to depositors
- 10. When prices rise fast rate, it is called
 - (A) Inflation (B) Deflation (C) Stagnant (D) None
- 11. Rising inventories usually indicate
 - A) an economy that grows unexpectedly.
 - B) an economy that slows unexpectedly.
 - C) an unexpected spurt in sales.
 - D) an inflationary cycle.

	12. Investment is	
	(A) the purchase of goods and services	
	(B) the purchase of capital equipment and structures	
	(C) when we place our saving in the bank	
	(D) the purchase of stocks and bonds	
	13. A expansion of business with the amount put in purchase of Land is Savings	
	(A)Agree (B)Disagree	
	14. Finished Goods are calculated in National Income	
	(A)Agree (B)Disagree	
	15. Economics is the study of	
	(A) how society manages its unlimited resources	
	(B)how to reduce our wants until we are satisfied	
	(C) how to fully satisfy our unlimited wants	
	(D) how to avoid having to make trade-offs	
Q.2	A) Write short notes on (Each of three mark)	(15)
	1. Endogenous & Exogenous	
	2. National Income	
	3. ex-ante & expost Variables	
	4. Stock & Flow Variables	
	5. Net Domestic Product	
Q.3	A) Explain various Macroeconomic aggregate	(08)
	OR	(00)
0.2	A) Explain four circular flow of economy	(08)
Q.3	B) Mention and explain scope of Macro Economics	(07)
	OR	(07)
0.4	B) Explain determinants of consumption spendingA) Ronak and Hira are two friends the income & investment details are as follow:	(07)
Q.4	The last year income of Ronak is Rs. 1000000 rs. And current income is 3500000 rs. He use to	(07)
	invest 25000 rs. and with increase in income he invests 40000 rs.	
	The previous year income of Hira is Rs. 2000000 rs. And current income is 25% more than last	
	year. He use to invest 10% of his income.	
	Find Investment Multiplier (K) of both the friends.	
	B) Answer any four from the following (Each of two mark)	(08)
	1. What are the Keynesian critics of classical system	(00)
	List Macroeconomic goals	
	3. List Various concepts of national income and explain one of them	
	4. What are the Issues in macroeconomics	
	5. Explain Marginal propensity to consume	
	6. Explain Principle of effective demand	
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