11C-103

May-2015

B.B.A., Sem.-II

CC-111 : Principles of Economics (Macro)

Time : 3 Hours]   [Max. Marks : 70

Instructions : (1)   Draw diagram wherever it necessary.

(2)   **All** questions are of equal marks.

(3)   **All** questions are compulsory.

1.   (A)   Define Macro Economics & examine scope of macro economics.

OR

What is meant by Macro Economics ? Explain importance of macro economics.

(B)   Give meaning of National Income & explain difficulties in estimating national income.

OR

Explain methods of measuring National Income.

2.   (A)   Describe the psychological law of consumption given by Keynes.

OR

Explain investment function of Keynes with the concept of MEC.

(B)   Explain liquidity preference theory of Keynes to determine interest rate.

OR

Discuss general theory of Keynes.

3.   (A)   What is Business Cycle ? Examine the features of business cycle.

OR

Write a note on credit creation process of bank.

(B) What is Money ? Explain functions of money.

OR

What is Inflation ? Examine the measures to control inflation in India.

4. (A) Define Fiscal Policy & explain objectives of Fiscal Policy.

OR

Explain tools of Monetary Policy.

(B) What is B.O.P. ? Explain structure of Balance of payment.

OR

Explain methods to correct disequilibrium of B.O.P.

5. Multiple Choice Questions :

(1) Which of the following topics does not belong to macro economics ?

    (a) Investment function   (b) Consumption function

    (c) Theory of Rent   (d) Theory of General price level

(2) Macro means _____

    (a) Small   (b) Large

    (c) Both   (d) None of these

(3) Disposable income can be calculated by

    (a) Personal Income & tax

    (b) National income & population

    (c) Personal income & price index

    (d) All the above

(4) Income coming from abroad is calculated in which concept _____

    (a) GDP   (b) GNP

    (c) Both   (d) None of these

(5) If MEC is greater than current rate of interest, investment will

    (a) fall   (b) remain constant

    (c) rise   (d) decline

(6) The relationship between MPC & K is _____

    (a) direct   (b) indirect

    (c) inverse   (d) proportionate

(7) In Keynesian analysis, what is right ?

    (a) $Y = C + S$ (b) $S = Y - C$

    (c) $C = Y - S$ (d) All

(8) Credit money refers to

    (a) Bank money   (b) Coins

    (c) Legal tender money   (d) Commodity money

(9) Business cycle is a characteristic of

    (a) Planned economy   (b) Mixed economy

    (c) Free market economy   (d) Communist economy

(10) Who gain during inflation ?

    (a) Wage earners   (b) creditors

    (c) Debtors   (d) Pensioners

(11) Stagflation means

    (a) rise in price

    (b) reduction in demand

    (c) high inflation with high unemployment

    (d) none of these

(12) Which of the following does not belong to quantitative tools of credit control ?

    (a) Bank rate   (b) Open market

    (c) CRR   (d) Direct Credit Control

(13) Which of the following tool does not belong to Fiscal Policy ?

    (a) Tax Revenue   (b) Credit Creation

    (c) Public Debt   (d) Public Expenditure

(14) In B.O.P. how many accounts are there ?

    (a) Two   (b) Three

    (c) Four   (d) Five

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