AS-103

May-2016

B.B.A., Sem.-II

CC-111 : Principles of Economics (Macro)

Time : 3 Hours]   [Max. Marks : 70

1.   (a)   Discuss the scope of Macro Economics in detail.   **7**

OR

      (a)   Explain Circular flow of Income with the help of diagrammatic presentation.

      (b)   What are the problems associated with the measurement of National Income ?   **7**

OR

      (b)   Write a note on the following :
          (1)   Any one Method of Measuring National Income   **4**
          (2)   Personal Disposable Income   **3**

2.   (a)   Write a detailed note on Investment Function.   **7**

OR

      (a)   Explain in nutshell the Keynesian theory of Income and Employment.

      (b)   Explain the Keynes' Consumption function in detail.   **7**

OR

      (b)   Short Note - Liquidity Preference Theory

3.   (a)   Define Money and explain the functions of Money.   **7**

OR

      (a)   Highlight different phases of Business cycle and its effect on business.

      (b)   What measures have been taken by the government to control the rising prices ?   **7**

OR

      (b)   Explain the process of credit creation with suitable example.

4.   (a)   What is Monetary Policy ? Discuss its objectives.   **7**

OR

      (a)   Give the Structure of Balance of Payment.

      (b)   Elucidate how 'devaluation' and 'deflation' can be used to correct the adverse BOP.   **7**

OR

      (b)   Discuss critically the tools of Fiscal Policy used by the country.

5. Answer the following : 14

(1) The term 'Macro' is derived from _____ word

    (a) French   (b) German   (c) Greek   (d) English

(2) What would you add in GDP so that you obtain GNP

    (a) Taxes   (b) NFIA   (c) Subsidy   (d) Transfer Payment

(3) National Income at constant prices is known as _____ Income.

    (a) Money   (b) Total   (c) Net   (d) Real

(4) The reciprocal of the Marginal propensity to save gives the value of the _____

    (a) Savings   (b) Consumption   (c) Investment   (d) Multiplier

(5) Keynesian theory of Income and Employment is concerned with _____ investment.

    (a) Public   (b) Autonomous

    (c) Induced   (d) Financial

(6) The psychological law of consumption given by Keynes applies to _____

    (a) Long-run   (b) Medium term   (c) Short run   (d) All

(7) Broad Money refers to _____

    (a) M_1 (b) M_2 (c) M_3 (d) M_4

(8) Deposits arising from granting of loans by banks are known as _____ deposits.

    (a) Primary   (b) Derivative   (c) Current   (d) Fixed

(9) During deflation, exports tend to _____

    (a) Increase   (b) Remains constant

    (c) Decrease   (d) Uncertain

(10) How many phases a business cycle has ?

    (a) Two   (b) Three   (c) Four   (d) Five

(11) The term pump priming is related with

    (a) Public debt   (b) Public expenditure

    (c) Taxation   (d) Government Budget

(12) Which of the following tools does not belong to Monetary Policy ?

    (a) Bank Rate   (b) Credit Rationing

    (c) CRR   (d) Taxes

(13) Sale of gold abroad is referred to as

    (a) Debit item in Current A/c   (b) Credit item in Capital A/c

    (c) Credit item in Current A/c   (d) Debit item in Capital A/c

(14) Devaluation means the deliberate ____ in the value of a currency in terms of gold or other currencies by the government.

    (a) increase   (b) reduction   (c) uncertainty   (d) hike

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