[1]    SEAT No._____

# SARDARPATELUNIVERSITY

## Semester End Examination 2018

**F.Y.B.A (Adv) SEMESTER I**
**UA01CEEC22- MACRO ECONOMIC THEORY I**

Date: 25 OCTOBERR 2018 , Thursday                                 Marks: 60
Time: 10.00 AM TO 12.00 PM

Note:  Figures to the right indicate marks.
       Draw diagrams wherever necessary

**Q-1    Multiple Choice Questions**                                                      (15)

1    _____ is not a resource.
       (A) Land          (B) Labor          (C) Capital          (D) innovation

2    Economic problems occurs due to
       (A) Limited wants                      (B) Unlimited resources
       (C) Limited resources                  (D) none of these

3    Induced investment is
       (A) Independent of level of income    (B) Independent of rate of interest
       (C) Dependent of profit motive        (D) none of these

4    An open economy is an economy which has  transactions with
       (A) State     (B) Foreign countries     (C) Industries     (D) Government

5    The product method of calculating national income is known as
       (A) Value added method                 (B) Income method
       (C) Expenditure method                 (D) Net output method

6    Investment in new machinery and equipment for brand new product for sale in the market is called
       (A) Autonomous investment              (B) Induced investment
       (C) Industrial investment              (D) Necessary investment

7    Which economist developed the concept classical law of market?
       (A) Irving Fisher  (B)  Gunnar Myrdal  (C)  Ragnar Nurkse  (D)  J.B.Say

8    Marginal efficiency of capital means
       (A) Expected rate of profitability of new investment
       (B) Expected rate of expenditure
       (C) Expected rate of saving
       (D) None of the above.

9    What is the relationship between rate of interest and marginal efficiency of capital?
       (A) Inverse     (B)  Direct     (C)  Static     (D)  Vertical

10   The average propensity to consume is measured by
       (A) C/Y          (B)  C*Y          (C)  Y/C          (D)  C+Y

(1)                                          (PTO)

11  An increase in the marginal propensity to consume will
      (A) Lead to the consumption function becoming steeper
      (B) Shift the consumption function upwards
      (C) Shift the saving function upwards
      (D) Shift the saving function upwards

12  "EX-ante means
      (A) Planned  (B) Unplanned  (C) Actual  (D) None of the above
13  "EX-post means
      (A) Actual  (B) Planned  (C) Equilibrium  (D) None of the above
14  Modern form of macro economics has emerged out of
      (A) Great world depression      (B) Inflation
      (C) World economy      (D) None of the above
15  What do we get by adding together rent, wages, interest and profits?
      (A) National income      (B) National credit
      (C) National wage      (D) National payments


Q-2    Explain marginal efficiency of capital    (15)
                    **OR**

Q-2    What is meant by national income? Explain various methods of calculation of national  (15)
income

Q-3    Explain classical law of markets    (15)
                    **OR**

Q-3    Discuss the concept of consumption function and explain objective factors influencing  (15)
consumption function.
                    **OR**

Q-3    Explain nature and scope of macro economics.    (15)
                    **OR**

Q-4    Write short notes (ANY TWO)    (15)
  A) Effective demand
  B) Average and marginal propensity to consume
  C) Circular flow of income
  D) Investment multiplier

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(2)