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SEAT No. _____

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Sardar Patel University
Vallabh vidyanagar
Semester End Examination
March – April 2018
F.Y.BA (Advanced) Sem-II
Macro Economic Theory II
(UA02EEEC02)

Date: 7/4/18, Saturday
Time: 10:00 A.M To 12:00 P.M

Total Marks: 60

- Q-1 Attempt the following MCQs** 15
- 1 In depression, there is a general decline in _____
A Savings B All economic activity
C Exchange D Equilibrium
 - 2 When prices rise at triple digit rates per annum, it is usually called _____ inflation.
A Running B Walking C Creeping D Hyperinflation
 - 3 The Philips curve examine the relationship between _____
A Rate of unemployment- rate of wage
B Rate of employment- rate of wage
C Rate of income- rate of wage
D Rate of investment- rate of wage
 - 4 The main objective of monetary measures to check the inflation is _____
A Reducing demand B Reducing money income
C Reducing expenditure D Reducing saving
 - 5 Cost-push inflation is caused by
A Higher price on output B Increase of labor
C Fall in profit D None
 - 6 Which economist is related to over investment theory
A Keynes B Samuelson C Hawtrey D Hayek
 - 7 In business cycle what comes after contraction
A Boom B Revival C Depression D None

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(P.T.O.)

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- 8 Hawtrey believes that an expansion of _____ leads to a boom
 A Bank credit B Bank interest
 C Bank exchange D Bank saving
- 9 Identify the three motives for demand for money
 A Accumulative, Speculative, Precautionary
 B Speculative, Transaction, Precautionary
 C Precautionary, Special transaction
 D None
- 10 Aggregate supply is the total amount
 A Goods and services produced in an economy
 B Produced by the government
 C Products produced by a given industry
 D Labor supplied by all households
- 11 Which economist presented the concept of accelerator
 A J.b.Clark B Adam smith C Robbins D R.F.Kahn
- 12 The Book "General Theory of Employment, Interest and Money" was written by
 A Alfred Marshall B Prof. J.M.Keynes
 C Bounding D David Ricardo
- 13 A fall investment can result from
 A Higher interest rate B Lower expected future profits
 C More expensive capital goods D All of the above
- 14 The economists who emphasized wage-flexibility as a solution for unemployment were
 A Monetarists B New- Keynesians
 C Classical economists D Keynesians
- 15 What is the relationship between interest rate and bond prices?
 A Negative B Positive C Stable D Fixed

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Q-2 Briefly explain the IS-LM curve with the help of diagram and determine the equilibrium level of Interest rate. 15

OR

Q-2 What is inflation? Elaborate its types and causes 15

Q-3 Define business cycle and explain the phase of business cycle 15

OR

Q-3 Explain in detail classical theory of interest rate 15

Q-4 **Attempt any two** 15

A Concept of wholesale price index

B Concept of Accelerator

C Philips curve

D Distinguish between Gross and Net Interest

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