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Sardar Patel University

Vallabh Vidya Nagar – 388 120

FYBBA Examination (CBCS)

2nd Semester

UM02CBBAO3 Macro Economics

Date: 25th April 2011 Time: 4.00 pm to 6.00 pm

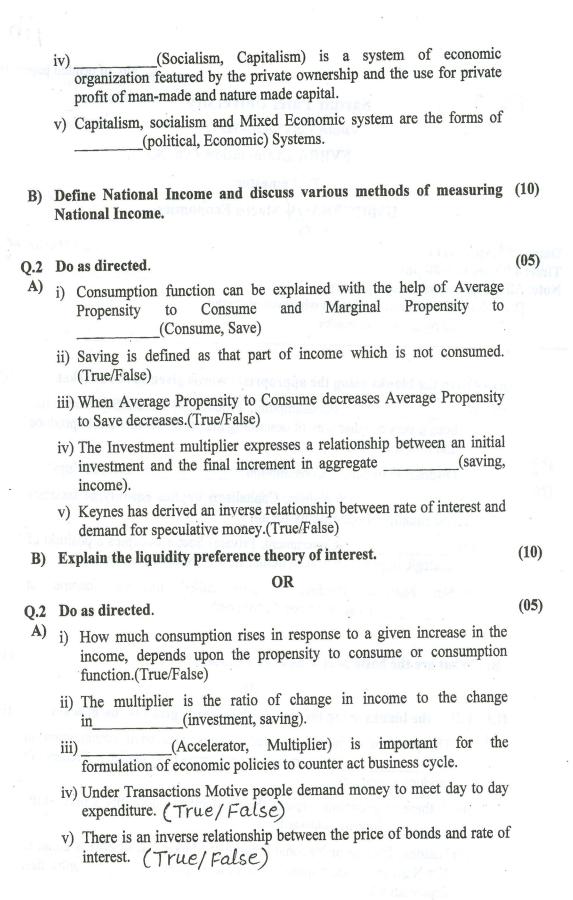
Total Marks: 60

Note: All the questions are compulsory.

Draw diagrams and cite examples wherever necessary.

Figures to the right indicate marks.

Q.1	Fill in the blanks using the appropriate words given in the bracket.	(05)
A)	(Consumption, Production) Possibility Curve has been a very popular way of describing the problems of what to produce and how to produce.	
	ii) Disposable Income = Consumption +(Taxes, Savings).	9
Ĺ, s	iii)(Socialism, Capitalism) implies equality of incomes and equality of opportunity for all.	
	iv)(Government, Private) Sector occupies a position of strategic importance in the circular flow of National Income.	
	v) Net National Product is also called national income at(market prices, factor cost).	
	A) Hery super consumption rises in response to a given increase, i	
B)	What are the basic problems of an Economy?	(10)
	OR	
Q.1	Fill in the blanks using the appropriate words given in the bracket.	(05)
A)	i) The problem of how to produce means with what combination of (raw material, resources) a society decides to produce goods.	
	ii) If there is economic growth the Production Possibility Curve shifts(inward, outward).	
	iii) National Income or National Income at Market Factor cost is equal to Net National Product minus Indirect taxes plus(subsidies, depreciation).	



B)	Discuss the concept of consumption function.	(10)
Q.3	Do as directed.	
A)	i) Money is a matter of functions four A medium, a measure, a standard and a store.(True/False)	
1	ii)(Importance, Values) of different commodities can be expressed through money.	
	iii) Money is the(Standard, Criteria) of Deferred Payments	
	iv) National income can be distributed to different factors of production by making payments to them in real terms.(True/False)	
•	v) Measurement of national income is not possible in a monetary system.(True/False)	
B)	Write a note on Balance of Payments and Balance of Trade.	(05)
C)	What are the instruments of General credit control method of Central Bank's monetary policy?	(05)
	OR	
Q.3	Do as directed.	(05)
A)	i) Money is the most important(solid, liquid) asset.	
	ii) Balance of(Trade, Payments) is a systematic and summary record of a country's economic and financial transactions with the rest of the world over a period of time.	
E _N	iii) The Current Account of Balance of Payments includes all transactions which give rise to or use up national income.(True/False)	
	iv) Invisible exports, i.e., sales of services, are debit entries. (True/False)	
	v)(Keynes, Crowther) defines money as "anything that is generally acceptable as a means of exchange, and at the same time acts as a measure and store of value."	
B)	Examine the concept of rate of exchange.	(05)
C)	Discuss Milton Friedman's Restatement of Quantity Theory of Money.	(05)
Q.4	Do as directed.	(05)
A)	i) Recovery signifies a movement of the lower turning point of the cycle from depression to Prosperity. (True/False)	
	ii) Capital accumulation hinders the(consumption, saving) potential in the economy.	

	iii) During inflation resources are shifted towards the production of essential goods.(True/False)	
	iv) Inflation benefits rich class.(True/False)	
	v)(Direct, Indirect) taxes are equitable because they are based on the Principles of Progression.	
B)	What is Cost Push Inflation?	(05)
C)	Write a note on Philips Curve.	(05)
	iv) Maronal juopen ear ee saar oo ol rooffiseen faurors or rure. Sieur	
Q.4	Do as directed.	(05)
A)	i) Inflation disrupts the working of(price, political) system.	
	ii) Inflations creates(buyers, sellers) market.	
	iii) The income of government from taxes increase with the increase in the income of people.(True/False)	
	iv) Surplus budget is collecting more revenue in the economy.(True/False)	
	v) The most fearsome phase of business is(recession, depression).	
B)	Explain the merits and demerits of direct taxes.	(05)
C)	Write a note on methods of debt redemption.	(05)
