

[99]

SARDAR PATEL UNIVERSITY
F.Y.B.B.A.(F.T.) (CBCS SEM-II) EXAMINATION 2011
Monday, 25th April, 2011;
4.00 pm to 6.00 pm
UM02CBBF03; MACRO ECONOMICS

- Note:-** (i) Answers of all the questions (including multiple choice questions) should be written in the provided answer book only;
(ii) Figures to the right indicate full marks of the question;

Maximum marks 60

Q:1 (A) Fill in the blanks using one of the options given in the brackets. (05)

- (1) _____ represents a functional relationship between consumption expenditure and real income.
(saving function, consumption function, investment function)
- (2) _____ may be defined as the ratio of increase in consumption expenditure to increase in income.
(APC, MPC, MPS)
- (3) In the equilibrium situation, aggregate demand will be _____ the aggregate supply.
(equal to, more than, less than)
- (4) The difference of $1-MPC$ is called as _____.
(MPS, APS, MPC)
- (5) Keynesian economic analysis is given for _____ period.
(long, short, normal)

(B) What is effective demand? Discuss Keynes' principle of effective demand. (10)

OR

Q:1 (A) Fill in the blanks using one of the options given in the brackets. (05)

- (1) Keynesian economics is a _____ analysis.
(macro-economics, micro-economics, micro-cum-macro-economics)
- (2) Marginal Propensity to Save (MPS) is defined as _____.
(C/Y , S/Y , $\Delta S/\Delta Y$, $\Delta C/\Delta Y$)
- (3) Marginal propensity to consume (MPC) and investment multiplier are _____ related.
(directly, inversely, none)
- (4) _____ shows the ratio of change in income to change in investment.
(Multiplier, Acceleration, Consumption function)
- (5) If the value of Marginal Propensity to Consume is $\frac{1}{2}$, then the multiplier co-efficient will be _____.
(3, 2, 0, ∞)

(B) What is investment multiplier? Discuss the concept of investment multiplier with the help of example and diagram. (10)

Q:2 (A) Choose the correct option of all objective questions given below. (05)

- (1) The difference between gross domestic product and net domestic product equals
 - (a) transfer payments
 - (b) depreciation
 - (c) indirect taxes
 - (d) subsidies
- (2) National Income at factor cost is measured as
 - (a) NNP – Direct taxes – subsidies
 - (b) GNP – Indirect taxes + subsidies
 - (c) NNP – Indirect taxes + subsidies
 - (d) NNP + direct taxes – subsidies
- (3) The value of total output of finished goods and services of a country in a year without adding net factor income received from abroad is defined as
 - (a) Net National Income
 - (b) Gross National Income
 - (c) Gross Domestic Product
 - (d) National Output at Factor Cost
- (4) Which of the following items is excluded in measuring GNP to avoid double counting?
 - (a) Capital Consumption
 - (b) Value of Intermediary Goods
 - (c) Depreciation of Final Goods
 - (d) Taxes
- (5) National income, ordinarily, means
 - (a) GNP at market prices
 - (b) NNP at market prices
 - (c) GNP at factor cost
 - (d) NNP at factor cost

(B) Explain the methods of measurement of National Income. (10)

OR

Q.2: (A) Fill in the blanks using one of the options given in the bracket. (05)

- (1) National income is a _____. (flow, stock, fund).
- (2) Gross National Product – Depreciation = _____.
(Net National Product, Gross Domestic Product, Net Domestic Product)
- (3) While compiling GNP figure, we take into account only _____ goods and services.
(intermediary, final, both)
- (4) $\frac{\text{National Income}}{\text{Size of Population}} = \text{_____}$.
(Personal income, Per Capita Income, Disposable Income)
- (5) National income does not include _____.
(services of an actor, profit of a firm, transfer payment)

(B) Discuss the difficulties in the measurement of National Income. (10)

