

Seat No. : 01778

# ME-105

May-2023

B.B.A., Sem.-II

## CC-111 : Economics (Principles of Economics (Macro))

Time : 2:30 Hours]

[Max. Marks : 70

1. ✓ (A) Explain the meaning and scope of macro economics. 7  
(B) Discuss the circular flow of national income in four sector economy with the help of diagram. 7
- OR**
- (A) Explain the concept of GDP and GNP in detail. 7  
✓(B) Define national income. Explain the difficulties faced while measuring national income. 7
2. ✓(A) Explain the consumption function with the help of diagram. 7  
(B) Explain the liquidity preference theory of interest rate. 7
- OR**
- (A) Write a note on investment multiplier. 7  
(B) Explain Keynesian theory of income and employment. 7
3. ✓(A) What is money ? Explain the primary and secondary functions of money. 7  
(B) Discuss the various causes of inflation. 7
- OR**
- (A) What is inflation ? Suggest the measures to control inflation in detail. 7  
✓(B) Define business cycle. Explain its phases with the help of diagram. 7
4. (A) Explain the objectives of monetary policy of RBI. 7  
(B) Explain the meaning and tools of Fiscal Policy. 7
- OR**
- ✓(A) Describe the structure of balance of payment. 7  
(B) Explain the methods of correcting disequilibrium in the balance of payments. 7
5. Multiple choice questions (Attempt any seven) (two mark each) : 14  
(1) NDP = \_\_\_\_\_.  
(a)  $NDP = GDP + \text{Depreciation}$  (b)  $NDP = GNP - \text{Depreciation}$   
(c)  $NDP = GDP - \text{Depreciation}$  (d) None of the above

- (2) National Income at constant prices is known as \_\_\_\_.
- (a) Gross Income (b) Money Income  
(c) Real Income (d) Total Income
- (3) Which of the following does not belong to macro economics ?
- (a) National Income (b) Aggregate supply  
(c) Individual demand (d) Balance of payments
- (4) Which statement is true ?
- (a)  $C = f(y)$  (b)  $C = f(c, r)$   
(c)  $C = f(r)$  (d)  $C = f(y, I)$
- (5) Keynes model of income and employment is known as \_\_\_\_.
- (a) Underemployment model (b) Long-run model  
(c) Full employment model (d) Free market model
- (6) Which of the following measures of money supply is known as broad money ?
- (a) M1 (b) M2  
(c) M3 (d) M4
- (7) \_\_\_\_\_ will gain during the inflation.
- (a) Creditor (b) Wage earners  
(c) Debtor (d) Pensioners
- (8) High inflation levels in the economy leads to \_\_\_\_ in the supply of money.
- (a) Decrease (b) No change  
(c) Increase (d) None of the above
- (9) The business Cycles or the periodic booms and slumps in economic activities reflect the \_\_\_\_\_ in economic activities.
- (a) Upward movements  
(b) Downward movements  
(c) Upward and Downward movements  
(d) Extreme rise
- (10) Fiscal policy is concerned with \_\_\_\_\_
- (a) Determination of rate of interest  
(b) Credit rationing  
(c) Revenue & expenditure of the Government  
(d) All of the above
- (11) Which of the following is qualitative tool of monetary policy of RBI ?
- (a) Bank Rate (b) Consumers credit control  
(c) CRR & SLR (d) Open market operations
- (12) Balance of payments includes \_\_\_\_\_.
- (a) Only Visible Exports  
(b) Visible and Invisible Exports and Imports  
(c) Invisible Exports and Imports  
(d) Visible Exports and Imports