

SHREE NARAYANA COLLEGE OF COMMERCE
AHMEDABAD

Name of the Department: ECONOMICS

Subject: MACRO ECONOMICS

Class & Semester: B. COM. SEM. – IV

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ASSIGNMENT

SECTION – 1 (UNIT – 1)

- 1) State the meaning & functions of money.
- 2) Give explanations of Fisher's equation of exchange with limitations.
- 3) Explain the Quantity Theory of Money with the help of diagram.
- 4) Explain the production method to measure National Income.
- 5) Explain the income method to measure National Income.
- 6) Write a note on the Money Supply. Discuss the main components of Money Supply.
- 7) Explain the concept of M1, M2, M3 & M4 of RBI for measuring the money supply of India.
- 8) Explain the difficulties arises while measuring National Income

SECTION – 2 (UNIT – 2)

- 1) Explain the Classical theory of income, output & employment.
- 2) Discuss the wage cut and wage flexibility principle of Prof. Pigou.
- 3) Explain the Keynes theory of Income determination through the 45-degree line and the C+I line.
- 4) Discuss J.B. Say's Law of Markets.
- 5) "Supply creates its own Demand" - Explain its assumptions and implications.

SECTION – 3 (UNIT – 3)

- 1) Explain the factors affecting the Consumption Function.
- 2) Give the meaning of Marginal Efficiency of capital and explain the factors affecting it.
- 3) Clarify the concept of Average Propensity to Save and Marginal Propensity to Save.
- 4) Give the meaning of the Investment Multiplier and state its limitations.
- 5) Explain Keynes Psychological Law of Consumption.
- 6) Explain the concept of:
1) APC 2) MPC 3) APS 4) MPS
- 7) Write a note on:
1) Saving Function
2) Investment Function

SECTION – 4 (UNIT – 4)

- 1) What is Inflation? Explain its features and types.
- 2) Clarify the difference between Inflation & Deflation.
- 3) Write a note on the Inflationary Gap.
- 4) Discuss the causes of Inflation.
- 5) State the effects of Inflation.
- 6) State the measures to curtail Inflation

SECTION – 5 (REVISION & PRACTICE)

- 1) Which expenditure of government are not considered in national income?
 - a) Production
 - b) Transfer Payments
 - c) Wages of labourers
 - d) Defence expenditure
- 2) What should be deducted from GDP to get NDP?
 - A) Depreciation
 - b) Net factor income from Abroad
 - c) Indirect Tax
 - d) Subsidy
- 3) From the following which bank perform the function of credit control in India?
 - a) SBI
 - b) NABARD
 - C) RBI
 - D) IDBI
- 4) Which money is known as reserve money?
 - a) Narrow
 - b) Broad
 - c) Bank
 - d) High Powered
- 5) According to Keynes, Income employment is based on which thing?
 - a) Supply
 - b) Trade
 - c) Production
 - d) Effective Demand
- 6) “The trade union is responsible for the unemployment during the depression years and not the entrepreneurs”- who said this?
 - a) Keynes
 - b) Friedman
 - c) J. B. Say
 - d) Pigou
- 7) Classical economists are in favour of _____ must have to decrease to reduce unemployment and to increase employment opportunities.
 - a) Demand
 - b) Supply
 - c) Wages
 - d) Profits
- 8) If the general price level increase then propensity to consume is _____
 - a) Increase
 - b) Decrease
 - c) Fixed
 - d) None of the above
- 9) If the value of marginal propensity to consume is 1 then what will be the value of multiplier?
 - a) 1
 - b) More than 1
 - c) Less than 1
 - d) Infinitive

- 10) If marginal efficiency of capital is less than interest rate the capital investment in economy--
- a) Increase
 - b) Decrease
 - c) Remain Fixed
 - d) Becomes Zero
- 11) If a person used his past savings and consume more, than MPC will be_____
- a) $MPC=0$
 - b) $MPC=1$
 - b) $MPC>1$
 - d) $MPC<1$
- 12) How is the reduction of MPC in comparison to APC, if income level increases?
- a) More
 - b) Less
 - c) Equal
 - d) Not decided
- 13) INFLATIONARY Gap is also known as _____?
- a) Increase in price
 - b) Sales Gap
 - c) Production Gap
 - d) GDP Gap
- 14) Which of the following is not responsible for demand pull inflation?
- a) Increase in money supply
 - b) Increase in production cost
 - c) Increase in government expenditure
 - d) Increase in population
- 15) During inflation, import will be _____-
- a) Decrease
 - b) Increase
 - c) Stable
 - d) None of the given.
