



UNIVERSITY OF THE PUNJAB

Roll No.

Second Semester 2015

Examination: B.S. 4 Years Programme

PAPER: Principles of Macro Economics

TIME ALLOWED: 30 mins.

Course Code: ECON-102 /

MAX. MARKS: 10

Attempt this Paper on this Question Sheet only.

<u>Objective Part</u>		
Q1.	Encircle the correct answer.	10
I	That part of consumption which does not depend upon the level of income is called as: a) Autonomous Consumption b) Induced Consumption c) Consumption Function d) None of the above	
II	Marginal Propensity to Consume (MPC) is defined as: a) Change in Income divided by Change in Consumption b) Change in Savings divided by Change in Consumption c) Change in Consumption divided by Change in Income d) Change in Savings divided by Change in Investment	
III	If Govt. spending (G) is less than tax revenue (T) then the budget will be a) Surplus b) Deficit c) Balanced d) None of the above	
IV	That inflation which emerges in an economy due to an increase in Cost of Production is called as: a) Demand-Pull Inflation b) Non-Food Inflation c) Cost-Push Inflation d) All of the above	

P.T.O.

V	<p>The buying and selling of Bonds by the Central Bank is called as:</p> <ul style="list-style-type: none"> a) Discount Rate b) Required Reserve Ratio c) Open Market Operation d) None of the above 	
VI	<p>Nations output minus the capital used to obtain is called as</p> <ul style="list-style-type: none"> a) GDP b) GNP c) NDP d) NNP 	
VII	<p>National Income cannot be measured by:</p> <ul style="list-style-type: none"> (a) Production Method (b) Expenditure Method (c) GDP Deflator (d) Income Method 	
VIII	<p>Difference between Disposable Income and Consumption is:</p> <ul style="list-style-type: none"> (a) Savings (b) Consumption (c) Investment (d) Net Income 	
IX	<p>The situation in which there is no significant increase in output but a continuous increase in general price level is called as</p> <ul style="list-style-type: none"> (a) Inflationary gap (b) Recessionary gap (c) Stagflation (d) Balanced budget 	
X	<p>Which of the following statement is true?</p> <ul style="list-style-type: none"> (a) Financial Transactions and government transfer payments are included in GDP (b) The trading of bonds and stocks, Exchange of assets etc. are included in GDP (c) Social costs are not accounted for GDP (d) Drug production, Smuggling, Prostitution and transactions not reported to tax authorities are accounted for GDP 	



UNIVERSITY OF THE PUNJAB

Second Semester 2015

Examination: B.S. 4 Years Programme

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PAPER: Principles of Macro Economics

TIME ALLOWED: 2 hrs. & 30 mins.

Course Code: ECON-102 /

MAX. MARKS: 50

Attempt this Paper on Separate Answer Sheet provided.

<u>SUBJECTIVE PART</u>		
Q2.	Explain the following with examples i. Gross Domestic Product (GDP) ii. Unemployment iii. Inflation iv. Autonomous Consumption v. Marginal Propensity to Consume vi. Labour Force vii. Open Market Operation viii. Recessionary Gap ix. Balance of Trade x. Direct taxes	20
Q3.	What are the major tools of fiscal policy? How these tools are used	(10)
Q4.	Explain the methods that can be used to measure National Income.	(10)
Q5.	What are the major functions of central bank?	(10)