C. U. SHAH UNIVERSITY
Summer Examination-2022

Subject Name : Macro Economics – I

Subject Code : 4CO03MEC1   **Branch: B.Com (English)**

Semester: 3   **Date: 21/04/2022**   **Time: 02:30 To 05:30**   **Marks: 70**

Instructions:
  (1) Use of Programmable calculator & any other electronic instrument is prohibited.
  (2) Instructions written on main answer book are strictly to be obeyed.
  (3) Draw neat diagrams and figures (if necessary) at right places.
  (4) Assume suitable data if needed.

Q1. Attempt the following questions.   (14)
  1. In whose opinion "Only coins of metal means money".
      A. Prof. Price   B. Prof. Knight
      C. Prof. G. D. H. Call   D. Prof. Kent
  2. The authority to increase-reduce the extent of cash in the country lies with …….Bank.
      A. Commercial   B. Central
      C. Cooperative   D. Rural
  3. Which letter in Cambridge equation denotes cash preference of public?
      A. M   B. V
      C. T   D.K
  4. Marginal Propensity to Consume = ………………….
      A. APC   B. MPC
      C. MPS   D. None
  5. Effective demand = Aggregate Production = National Income = …………...
      A. Aggregate Supply   B. Aggregate Sales
      C. Aggregate expense of society   D. Aggregate Quantity
  6. Money has which of the following objective?
      A. General Acceptability   B. Purchasing power
      C. Debt free   D. All of above
  7. Narsimham Committee has recommended minimum how many percent of CAR by the bank
  for maintaining its soundness.
      A. 8 %   B. 6 %
      C. 9 %   D. 7 %
  8. Which economist first presented the Cambridge equation?
      A. Prof. Pigu   B. Prof. Mill
      C. Prof. Marshall   D. Prof. Keynes
  9. Consumption expense depends on what?
      A. Extent of Income   B. Propensity to consume
      C. Both A & B   D. None
  10. Prof. Keynes has given his economic theories keeping in view which type of economy?
      A. Socialistic.   B. Capitalistic
      C. Communist   D. Mixed.
  11. How many are the basic and main functions of money?
      A. 2   B. 4

C. 3   D. 5

12. Which factor has been given importance in Fisher's equation of money?
    A. Demand of money   B. Supply of money
    C. Purchasing power of money   D. Transactional value of money.

13. Average Propensity to consume APC = …………?
    A. C/Y   B. $\Delta C/\Delta Y$
    C. $\Delta S/\Delta Y$ D. $\Delta Y/\Delta C$

14. In April 1980, how many additional commercial bank were nationalized.
    A. 12   B. 6
    C. 10   D. 8

Attempt any four questions from Q2. To Q8.

Q2. Discuss the meaning of central bank and discuss its functions.   (14)

Q3. Explain Effective Demand & discuss its factor affecting.   (14)

Q4. Explain what is 'money' & also explain its primary functions.   (14)

Q5. State in brief the external factors affecting the propensity to consume.   (14)

Q6. A. Explain the limitation of Credit Creation.   (7)
    B. Functions of CORE Banking system   (7)

Q7. A. The Recommendation of Narsimham Committee.   (7)
    B. Explain the relations between Marginal efficiency of Capital & Investment.   (7)

Q8. A. Pre assumptions of concept of Multiplier.   (7)
    B. Difference between the Classical employment & Keynes employment theory.   (7)