



PRESIDENCY UNIVERSITY, BENGALURU
SCHOOL OF LAW

Max Marks: 45

Max Time: 55 Mins

Weightage: 15 %

Set A

TEST 1

II Semester 2016-2017

Course: **BLA 112 Macroeconomics**

25 February 2017

Instructions:

- i. Write legibly
- ii. Scientific and non programmable calculators are permitted

Part A

(5 Q x 2 M= 10 Marks)

1. "A tax increase will lead to a lower rate of inflation" is _____ economic statement. (Positive / Normative)
2. A decrease in the production of VCRs by a consumer electronics company is a topic of discussion in _____. (Macroeconomics / Microeconomics)
3. Mr Kishore requires 25 hours to produce 2 Tables and 10 hours to produce 2 chairs whereas Mr Nilesh requires 15 hours to produce 2 Tables and 5 hours produce 2 chairs . This statement deals with _____ advantage. (Absolute / Comparative)
4. A point inside the production possibilities frontier is _____ given the economy's resources. (Feasible / Non Feasible)
5. When we value each final good and service at the price at which it is actually sold, the resulting measure is called _____. (Nominal GDP / Real GDP)

Part B

(3Q x 5 M= 15 Marks)

1. State any five goals / objectives of Macroeconomics.
2. What does 'P' stand for in the computation of GDP under expenditure method?
3. Explain the difference between GDP and GNP.

Part C

(1 Q x 20 M= 20 Marks)

Compute the National Income of a hypothetical economy from the given information under both Expenditure method and Income method:

Particulars	Amount Rs. Crs
Transfer Payments	54
Interest	150
Depreciation	36
Wages	67
Gross Private Investment	124
Business Profits	200
Indirect Business Taxes	74
Rental Income	75
Exports	40
Imports	22
Net Foreign Factor Income	12
Government Purchases	156
Household Consumption	304



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TEST 2

II Semester 2016-2017

Course: BL A 112 Macroeconomics

28 March 2017

Instructions:

- i. Write legibly
- ii. Scientific and non programmable calculators are permitted

Part A

(5 Q x 2 M= 10 Marks)

1. A reduction in taxes would shift AD to the _____, while an increase in interest rate would shift AD to the _____. (Left / Right)
2. Long-run equilibrium will only occur where AS and AD intersect along the _____. (LRAS Curve / SRAS Curve)
3. When the economy is experiencing Full Employment, _____ unemployment does not exist. (Cyclical / Structural / Frictional / Seasonal)
4. Business cycles refer to the _____ fluctuations in economic activity, not to the trend in output. (Long Term / Short Term)
5. The percentage of the population that is in the labour force is called the _____ rate. (Employment Rate / Unemployment Rate / Participation Rate)

Part B

(3Q x 5 M= 15 Marks)

1. What is Contraction? What are its effects?
2. Differentiate between Cyclical and Structural Unemployment.
3. What is Wealth Effect and Interest Rate Effect? Explain.

Part C

(2 Q x 10 M = 20 Marks)

- 1) Using the below provided figures of a Hypothetical economy, calculate
 - a) Labor Force
 - b) Labor Force Participation Rate
 - c) Employment Rate
 - d) Unemployment Rate

Particulars	Million
Total Population	240
Defence Employees	12
Students	26
Age below 15	18
Retirees	8
Institutionalized	2
Self Employed	54
Home Makers	52
Employed	68

- 2) Draw two diagrams :
 - a) showing Recessionary Gap
 - b) showing Inflationary Gap