2904E255   Candidate's Seat No : _____

IMBA (NEP) Semester-2 Examination
DSC-M-IMBA-123
Macro Economics

Time : 2-00 Hours]   April-2024   [Max. Marks : 50

Instructions:

1. The figures on the right-hand side indicate marks.
2. Use of calculators is **Allowed.**

Q-1 (a) Discuss different methods of measuring National Income in India.   [05 MARKS]

Q-1 (b) Discuss the Circular Flow of Income in a 2-sector economy.   [05 MARKS]

OR

(a) Given the following data about the economy: [10 MARKS]

	₹
Consumption	9000
Investment	6000
Proprietor's income	3500
Corporate income taxes	3150
Govt expenditure	4000
Profits	3500
Wages	6000
Net exports	1750
Rents	750
Depreciation	250
Indirect business taxes	1000
Undistributed corporate profits	600
Net foreign factor income	230
Interest	1500
Social security contribution	0
Transfer payments	100
Personal taxes	1650

(a) Calculate GDP and GNP with both the expenditure and income approach.

(b) Calculate NDP, NNP, NI

(c) Calculate PI

(d) Calculate disposable personal income.

Q-2 (a) Explain factors affecting the propensity to consume.   [05 MARKS]

(P.T.O)

(b) Explain the Investment Function using graph. [05 MARKS]

OR

(a) Define the term 'investment'. Describe different types of investments. Illustrate with the help of an example, how the rate of investment affects investment decisions. [10 MARKS]

Q-3 (a) Given $C = 1200 + 0.8 Y_d$, where $Y_d = Y-T$ and $T=100$, find the Marginal Propensity to Consume (MPC) and Marginal Propensity to Save (MPS). [05 MARKS]

Q-3 (b) Discuss the basic concept of Cost-Push inflation. [05 MARKS]

OR

(a) Define inflation. How is a general rate of inflation calculated in an economy? Describe different types of inflation that can occur in an economy. [10 MARKS]

Q-4 (a) Explain the role of monetary policy in an open economy. [05 MARKS]

Q-4 (b) Discuss the role of fiscal policy in economic growth. [05 MARKS]

OR

(a) Describe the qualitative and quantitative instruments of monetary used by the central bank. [10 MARKS]

Q-5 Attempt any ten out of twelve. [10 MARKS]

1. Which of these comes under the purview of fiscal policy?
(a) Changes in interest rate
(b) Change in supply of money
(c) Change in exchange rate
(d) Change in government spending

2. A big jump in the out of an economy (a very high peak of business cycle) results in ....
(a) Boom
(b) Recession
(c) Unemployment
(d) Expansion

3. The difference between gross and net aggregates is......................
(a) Indirect taxes
(b) Subsidies
(c) Net factor income from abroad
(d) Depreciation

4. ....=NNP_{MP} – Net Factor Income from Abroad – Net Indirect Taxes.
(a) GNP_{MP}
(b) NNP_{FC}
(c) NDP_{FC}
(d) NDP_{MP}

5. Which of these equations is not true, considering there is full employment?
(a) $S = AS - C$
(b) $I = AD - C$

(c) AD = AS

(d) C -S = C + I

6. The consumption function shows the relationship between consumption and ....
(a) Savings
(b) Income
(c) Demand
(d) Supply

7. Which of the following represents the consumption function?
(a) C= f(Y)
(b) Y=f(C)
(c) C= f(1/Y)
(d) C= f(C/Y)

8. Marginal Propensity to Consume is
(a) Increase in consumption due to one unit increase in income.
(b) Total consumption divided by total income.
(c) Both (a) and (b).
(d) Neither (a) nor (b).

9. If the Keynesian consumption function is, C=10+.8Y, if income is Rs 1000/- what is total consumption.
(a) Rs .8/- (b) Rs 800/- (c) Rs 810/- (d) Rs .81/-

10. The primary purpose of the RBI monetary policy is to maintain:
a) wealth
b) exchange rate
c) Income equality
d) price stability

11. One of the most significant fiscal policy objectives in India is to bring the revenue expenditures and receipts to the same level. Which of the following steps will help to achieve that objective?
a) The efforts to raise the total profits for public sector units
b) The efforts to improve the revenues from tax collection
c) The efforts to slow the growth rate for expenditures in the country
d) All of the above

12. Which of these is a qualitative instrument of monetary policy?
(a) Discount rate
(b) Open market operations
(c) Cash Reserve Ratio
(d) Moral suasion

******** END OF PAPER *************