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0904E080

Candidate's Seat No : _____

IMBA DFS/DMS/SIBFT (NEP) Sem.-2 (Rep.) Examination

DSC-M-IMBA-123

Macro Economics

Time : 2-00 Hours]

April-2025

[Max. Marks : 50

Instructions:

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

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

Q-1 (b) Discuss the Circular Flow of Income in a 4-sector economy. [05 MARKS]

OR

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

	₹
Consumption	9000
Investment	5000
Proprietor's income	3500
Corporate income taxes	3150
Govt expenditure	4000
Profits	3000
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

Q-2 (a) Discuss the factors that affect the propensity to consume. explain the terms APC, and MPC. [05 MARKS]

(b) Describe the Consumption Function. Explain by using graph. [05 MARKS]

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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) You are given the following information about an economy:

[05 MARKS]

Consumption function, $C = 1000 + 0.5(Y - T)$

Investment, $I = 2,000$ crores.

Government expenditure = 1,000 crores

Taxes = 1,000 crores

(i) Calculate the tax multiplier.

(ii) Explain the working of the tax multiplier intuitively.

- Q-3 (b) Discuss the basic concept of demand-pull 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]

I. The primary goal of the RBI's monetary policy is to maintain:

- (a) Wealth (c) Income equality
(b) Exchange rate (d) Price stability

II. Which of the following represents the consumption function?

- (a) $C = f(Y)$ (c) $C = f(1/Y)$
(b) $Y = f(C)$ (d) $C = f(C/Y)$

III. A significant rise in the output of an economy (reaching the highest point of the business cycle) leads to:

- (a) Boom (c) Unemployment
(b) Recession (d) Expansion

IV. Which of these is a qualitative tool of monetary policy?

- (a) Discount rate (b) Open market operations

(c) Cash Reserve Ratio

(d) Moral suasion

V. One of the key fiscal policy goals in India is to balance revenue expenditures and receipts. Which of the following steps will help achieve this objective?

- (a) Efforts to increase profits from public sector units
 (b) Efforts to enhance tax collection revenues
 (c) Efforts to slow the growth of government expenditures
 (d) All of the above

VI. The distinction between gross and net aggregates is:

- (a) Indirect taxes
 (b) Subsidies
 (c) Net factor income from abroad
 (d) Depreciation

VII. Which of the following falls under the scope of fiscal policy?

- (a) Changes in interest rates
 (b) Changes in the money supply
 (c) Changes in the exchange rate
 (d) Changes in government spending

VIII. The consumption function illustrates the relationship between consumption and:

- (a) Savings
 (b) Income
 (c) Demand
 (d) Supply

IX. If the Keynesian consumption function is $C = 10 + 0.8Y$, and income is Rs 1000, what is the total consumption?

- (a) Rs 0.8
 (b) Rs 800
 (c) Rs 810
 (d) Rs 81

X. Which of these equations is incorrect, assuming full employment?

- (a) $S = AS - C$
 (b) $I = AD - C$
 (c) $AD = AS$
 (d) $C - S = C + I$

XI. Marginal Propensity to Consume is:

- (a) The increase in consumption due to a one-unit increase in income
 (b) The total consumption divided by total income
 (c) Both (a) and (b)
 (d) Neither (a) nor (b)

XII. Which of the following represents the equation: NNPMP – Net Factor Income from Abroad – Net Indirect Taxes?

- (a) GNPMP
 (b) NNPFC
 (c) NDPFC
 (d) NDPMP

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