

Seat No. : _____

MA-205

May-2025

IMBA, Sem.-II (NEP SYLLABUS)

(Regular/Repeater)

Course Name: IMBA in Finance (FM) / IMBA in HR and Public
Administration (HRPA)/ IMBA in Business Management (BM)

Subject: Macro Economics (ME)

Code: DPPG-IMBA-DSC-C-121/ DPPG-IMBAF-DSC-C-121/ DPPG-IMBAH-
DSC-C-121

Time : 2:00 Hours]

[Max. Marks : 50

1. Calculate National Income by Income and Expenditure Method from the following data :

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Particulars	Amount in crores
1. Mixed income of self-employed	100
2. Gross fixed capital formation	300
3. Private final consumption expenditure	900
4. Net exports	-50
5. Subsidies	50
6. Government final consumption expenditure	150
7. Rent	60
8. Indirect Taxes	250
9. Interest	200
10. Change in Stocks	50
11. Compensation of Employees	400
12. Profit	340
13. Consumption of Fixed capital	50
14. Net factor income from abroad	50

OR

1. Explain the Concept of Credit Creation by Commercial Banks with the help of an example.

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2. Explain the difference between Balance of Trade and Balance of Payment and elaborate the methods to correct disequilibrium in Balance of Payments. **10**

OR

2. Explain with example Keynes theory of Income and Employment. **10**

3. Define Money and explain the functions of Money in detail. **10**

OR

3. Elaborate the concept of Inflation and explain the causes of Inflation in detail. **10**

4. What is Monetary policy ? Briefly explain the tools of Monetary policy in detail. **10**

OR

4. What is Fiscal Policy ? Briefly explain how the tools of Fiscal policy help in stabilization of economy. **10**

5. Multiple choice questions (**All compulsory**) **10**

- (1) Which of the following correctly explains the difference between GDP at Market price and GDP at Factor cost ?

- (a) Market price = Factor cost + Net exports
(b) Factor cost = Market price – (Indirect taxes – Subsidies)
(c) Market price = Factor cost + Depreciation
(d) Factor cost = Market price + Inflation

- (2) In Keynesian economics, if Marginal Propensity to Consume (MPC) is 0.75, what is the value of the investment multiplier ?

- (a) 2 (b) 3
(c) 4 (d) 5

- (3) Which of the following would most likely cause cost-push inflation ?

- (a) Increase in consumer demand
(b) Decrease in income-tax
(c) Rise in oil prices globally
(d) Expansionary monetary policy

- (4) Which of the following is not part of M3 in India's monetary aggregates ?

- (a) Currency with the public
(b) Demand deposits with banks
(c) Time deposits with banks
(d) Post office savings deposits

- (5) Which of the following scenarios reflects the operation of the investment multiplier ?
- (a) Increase in income due to increased government spending
 - (b) Increase in savings due to higher interest rates
 - (c) Decrease in inflation due to a fall in money supply
 - (d) Fall in imports due to higher tariffs
- (6) In a four-sector economy (Households, Firms, Government, Foreign Sector), which of the following is NOT a component of the circular flow of national income ?
- (a) Net exports
 - (b) Transfer payments
 - (c) Investment by firms
 - (d) Depreciation allowance
- (7) Which of the following is NOT a limitation of macro-economics ?
- (a) Ignores individual units
 - (b) Assumes all aggregates are homogeneous
 - (c) Always provides accurate predictions
 - (d) Often ignores inter-sectoral linkages
- (8) If Marginal Propensity to Save (MPS) is 0.2, what will be the value of the investment multiplier ?
- (a) 2
 - (b) 4
 - (c) 5
 - (d) 8
- (9) If Net National Product at Market Price (NNP at MP) is ₹ 8,500 crore and net indirect taxes are ₹ 500 crore, what is the National Income (NNP at Factor Cost) ?
- (a) ₹ 8,000 crore
 - (b) ₹ 9,000 crore
 - (c) ₹ 8,500 crore
 - (d) ₹ 7,500 crore
- (10) When income increases by ₹ 1,000 and consumption increases by ₹ 750, what is the value of MPC ?
- (a) 0.25
 - (b) 0.50
 - (c) 0.75
 - (d) 1.00
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