



Seat No. : \_\_\_\_\_

# DQ-103

December-2025

Integrated MBA, Sem.-V

DSC-C-IMBA-353 : Macro Economics-II

Time : 2:00 Hours]

[Max. Marks : 50

- Instructions :** (1) All questions are compulsory.  
(2) Read each question carefully before answering.

1. How is the national income measured by income method ? Explain the components and precautions to be taken while measuring national income by Income Method. **10**

**OR**

1. (a) Explain the circular flow of income in a two-sector economy along with the phases of circular flow. **5**  
(b) Calculate  $GNP_{MP}$  by Income and Expenditure Method. **5**

Particulars	₹ in crores
i. Net exports	15
ii. Private final consumption expenditure	600
iii. Consumption of fixed capital	30
iv. Operating surplus	190
v. Net indirect taxes	105
vi. Net factor income to abroad	5
vii. Wages and Salaries	520
viii. Rent	60
ix. Employer's contribution to social security schemes	100
x. Government final consumption expenditure	200
xi. Net capital formation	100

2. Derive Saving Function from Consumption Function and explain the relationship between the two. 10

**OR**

2. (a) Explain the working of a Multiplier in brief. 5  
(b) An economy is in equilibrium. From the following data, calculate the Marginal Propensity to Save : 5  
(i) Income = ₹ 10,000  
(ii) Consumption at Zero Level of Income = ₹ 500  
(iii) Consumption Expenditure = ₹ 8,000

3. Critically evaluate Say's Law in the context of modern economies. 10

**OR**

3. (a) Discuss how labour supply and labour demand are determined in the classical model. 5  
(b) Explain the concept of Effective Demand in the Keynesian theory of employment. 5

4. Explain how the IS and the LM curve are derived. 10

**OR**

4. (a) Give the meaning of Goods Market and Money Market. 5  
(b) Explain the mechanism through which equilibrium is achieved in the goods market and the money market. 5

5. Attempt any **ten** out of **twelve** : 10

- (1) Which of the following best distinguishes micro from macro-economics ?  
(a) Micro deals with aggregates; macro deals with individuals.  
(b) Micro deals with individual markets; macro deals with the economy as a whole.  
(c) Micro focuses on government expenditure; macro focuses on households.  
(d) Micro uses statistics; macro does not.
- (2) Difficulty in measuring national income in underdeveloped economies arises mainly from  
(a) High level of industrialization      (b) Dominance of organized sector  
(c) Large non-monetized sector      (d) High literacy rate
- (3) Which of the following is included in National income ?  
(a) Transfer payments      (b) Illegal income  
(c) Intermediate goods      (d) Net factor income from abroad

- (4) According to Keynes, consumption primarily depends on
- (a) Rate of interest (b) Level of income  
(c) Government expenditure (d) Value of exports
- (5) The slope of the consumption function represents
- (a) Marginal Propensity to Save (b) Average Propensity to Save  
(c) Marginal Propensity to Consume (d) Income Elasticity of Demand
- (6) Which of the following increases the value of the multiplier ?
- (a) Higher marginal propensity to save  
(b) Lower marginal propensity to consume  
(c) Higher marginal propensity to consume  
(d) Higher income tax rate
- (7) According to classical theory, unemployment is
- (a) Always voluntary  
(b) Always involuntary  
(c) Caused by insufficient aggregate demand  
(d) Not related to wage rigidity
- (8) Keynes criticized classical theory by arguing that
- (a) always adjust instantly  
(b) Markets always clear  
(c) Demand determines output in the short run  
(d) Money has no role in the economy
- (9) The nominal GDP of an economy is ₹ 900 crores and the GDP deflator is 150. What is the value of real GDP ?
- (a) ₹ 400 crores (b) ₹ 500 crores  
(c) ₹ 600 crores (d) ₹ 700 crores
- (10) If  $MPC = 0.6$  and investment increases by ₹ 20 crores, what will be the resulting increase in National income ?
- (a) ₹ 30 crores (b) ₹ 40 crores  
(c) ₹ 50 crores (d) ₹ 60 crores
- (11) The IS curve shows combinations of
- (a) Income and money supply  
(b) Interest rate and output where goods market is in equilibrium  
(c) Prices and output where labour market is in equilibrium  
(d) Inflation and unemployment

- (12) The LM curve is upward sloping because :
- (a) Higher income increases speculative demand for money
  - (b) Higher income increases transactions demand for money
  - (c) Higher income reduces demand for money
  - (d) Increase in money supply raises interest rates
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