BRAINWARE UNIVERSITY

Course – BBA

Macroeconomics for Business (BBAC 202)

(Semester – 2)

Time allotted: 3 Hours　　　　　　　　　　　　　　　　　　　**Full Marks: 70**

[The figure in the margin indicates full marks. Candidates are required to give their answers in their own words as far as practicable.]

Group –A

(Multiple Choice Type Question)　　　　　10 x 1 = 10

1) 1. Choose the correct answer from the given alternatives: (Answer all)

i) The Consumption function is a mathematical expression between

     a) consumption and disposable income

     b) savings and consumption

     c) savings and disposable income

     d)none of these

ii) The Keynesian Consumption Function is given by

     a) $C=a+bY$　　　　　　　b) $C=(1-a) + bY$

     c) $C=(1+a) + (1-b)Y$　　　d) None of these

iii) The point where a curve changes its curvature is called the point of

     a) inflexion　　　　b)replacement

     c) convergence　　　d) divergence.

iv) Consumption that does not depend on income is called

     a)marginal propensity to consume　　b)marginal propensity to save

     c) autonomous consumption　　　　d) autonomous savings.

v) Market equilibrium price is the price at which

    a) quantity demanded=quantity supplied

    b) quantity demanded> quantity supplied

    c)quantity demanded< quantity supplied

    d) All of the above

vi) The point of inflexion between expansion and recession is called

    a) boom   b) trough

    c) crest   d) depression

vi) If Currency -Deposit ratio rises then

    a) Consumption -Income ratio rises   b) Savings -Income ratio rises

    c) Consumption -Income ratio falls   d) None of these

vii) The rate of change of consumption with income is called

    a) marginal propensity to consume   b)marginal propensity to save

    c) autonomous consumption   d) autonomous savings.

viii) If marginal propensity to save = .45 then marginal propensity to consume is

         a) .56   b).59   c).55   d) .68

ix) The rate at which a commercial bank borrows money from the Central Bank(RBI) is called

    a) repo rate   b)reverse repo rate

    c) Cash reserve ratio   d) interest rate

x) Inflation is measured with the help of

    a) Index Number   b) Learning curve

    c)Power Sizing Model   d) Cost Index Model

Group – B

(Short Answer Type Question)   3 x 5 = 15

Answer any three questions

2) Define GDP at market price and GDP at factor cost.

3) Derive the Savings function from the following Consumption function C= 84+0.78Y

4) How does a market reach equilibrium if there is excess supply in the market.

5) Discuss how money supply is determined in the economy

6) Write a short note on Demand Pull Inflation.

Group – C

(Long Answer Type Question)   3 x 15 = 45

Answer any three questions

7) Critically evaluate the Second and the Seventh Five Years Plan.

8) Discuss the various phases of business cycle.

9) " Monetary Policy is ineffective along the zone of Liquidity Trap." Explain.

10) Derive the savings function from the following Consumption function C= 97+.88Y and represent it graphically. Comment on the economic status of the country

11) Public Sector Goods shows instances of market failure .Discuss.