



Institute of Management
JK Lakshmipat University
Jaipur

END TERM EXAMINATION, 2016



BBA– Sem II
MM: 50 Marks

Course: Introduction to Macro Economics
Time: 3 Hours
Subject code: BBA 205

Instructions: Attempt any three questions from Section A. Section B is compulsory.

Section A

Q1. What is meant by value of money? Critically examine Fisher's Quantity Theory of Money.

(10 marks)

Q2. Define the following concepts:

- 1) Aggregate Supply
- 2) Liquid Asset
- 3) Near Money
- 4) Convertible Money
- 5) Pegging Operation
- 6) Liquidity Trap
- 7) Money Multiplier
- 8) Inflation
- 9) Balance of Trade
- 10) GDP Deflator

(10 marks)

Q3. Write a short note on the following:

- 1) Factors affecting Supply of Money
- 2) Process of credit creation in single banking system
- 3) Instruments of Monetary Policy in India
- 4) Components of Current Account and Capital Account of Balance of Payment

(10 marks)

Q4. Discuss the followings:

- 1) Methods of measurement and reasons of inflation in India
- 2) Derivation of IS Curve

(10 marks)

Q5. How flexible exchange rate is determined? Discuss its advantages and disadvantages.

(10 marks)

Section B

Q6. A) Money market is in equilibrium when the demand for money is equal to the supply of it." In the light of the statement explain the Liquidity Preference Theory of interest rate determination in detail.

(10 marks)

- B) 1) Calculate the value of Total Deposit Creation, if Primary Deposit is 100 and reserve deposit ratio(r) = 0.2.
2) If there are three goods in economy, with their prices and weights as follows:

Goods	Prices (2004-05)	Prices (2016)	Weight
A	Rs.10	Rs.15	10
B	Rs. 2	Rs. 5	20
C	Rs. 50	Rs.75	70

Compute the Index Number for the Year 2016 and current inflation percentage in comparison to the prices of base year (2004-05).

(10 marks)