



Institute of Management  
JK LakshmiPat University  
Jaipur



END TERM EXAMINATION, 2014-15

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 do you mean by balance of payment? Explain the current account and capital account transactions and their implications on the balance of payments of a country.

(10 marks)

Q2. Discuss the following concepts with the help of an example:

- 1) Withdrawals and Injections in circular flow of income
- 2) Per capita GDP at PPP
- 3) Say's Law
- 4) Structural Unemployment
- 5) Consumption and Saving Function

(10 marks)

Q3. Discuss the following:

- 1) What is Inflation? How does the monetary policy as an instrument to combat inflation in India?
- 2) Advantages and Disadvantages of fixed and flexible exchange rates.

(10 marks)

Q4. Write a short note on following concepts:

- 1) Dynamic concept of multiplier
- 2) Features and evolution of money
- 3) Factors affecting money supply
- 4) Derivation of IS curve

(10 marks)

Q5. What are the three motives of demand for money? Discuss the factors affecting demand for money.

(10 marks)

### Section B

Q6. A) Briefly discuss the Fisher's Equation and Cambridge Equation of money? What are the salient differences between both the equations of money?

(10 marks)

B) 1) Calculate the value of investment multiplier of MPC is a) 0.75 and b) 1.0

2) Suppose nominal GNP of a country is Rs 500 billion in year 2005 and Price Index Number (PIN) is Base Year 2005= 100. Now let the nominal GNP increases to Rs 600 billion in year 2013 and PIN rises to 130. Given this data, calculate the GNP deflator and Real GNP for the year 2013.

(10 marks)