



Institute of Management  
JK Lakshmipat University  
Jaipur

**END TERM EXAMINATION, 2018**

BBA & B.Com (Hons.) Sem II  
MM: 50 Marks

Course: Macro Economics  
Time: 3 Hours  
Subject code: EC04

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

**Section A**

Q1. Define inflation and its various types. Discuss the relationship between inflation and unemployment rate through Phillips Curve.

(5 +5 marks)

Q2. Discuss the following in detail:

- 1) Tools of Monetary Policy for controlling inflation.
- 2) Fixed Exchange Rate and its merits and demerits.

(10 marks)

Q3. What are the three motives of demand? Explain the Liquidity Preference Theory of interest rate determination.

(5+5 marks)

Q4. What is meant by value of money? Critically examine Fisher's Quantity Theory of Money.

(3 + 7 marks)

Q5. 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.

(2 +5 + 3 marks)

**Section B**

Q6. A) Discuss the following:

1. What is Investment multiplier?
2. What is the relationship between MPC and K
3. Explain Dynamic Multiplier with the help of an example.
4. Discuss the two types of Dynamic Multiplier

(10 Marks)

B)

1. Discuss the reasons of integration between Product Market and Money Market.
2. Explain the differences between Keynes and Classical theory.

(5+5 Marks)