

Indian Institute of Technology Patna

End Semester Examination, 2010

HS202- Introductory Macroeconomics

Time: 3 hours

Marks: 50

Answer all the questions

1. Lekhni a girl passed out from the Centre for Japanese Languages from Vishwa Bharti is currently working in Bangalore for HP Computer . She was appointed to take care of HP's customer in Japan. Based on the above fact answer the following question: (3+3+4=10)

- (a.) Why Lekhni an Indian girl was employed to take care of HP's customer in Japan?
- (b.) Is it an example of trade? Expand your argument.
- (c.) Do you consider that a theory of International trade is applicable in the above case if so discuss the theory?

2. Based on the price comparison available (2+4=6)

Items	Rs. Price (in Kg) 2007	Rs. Price (in Kg) 2010
Sugar	18	40
Edible Oil	50	90
Arhar Dal	38	70

- (a.) Discuss the causes of current food price inflation?
- (b) Also discuss the economic consequences of inflation?

3. Discuss the below listed commercial bank's functions and its role in economic development (3+3+3=9)

- (a.)Accepting deposit
- (b.) Extending loans and advances
- (c.)Financial agents on behalf of its clients

4. Draw up a list of items that belong on the credit side of the balance of international payments and another list of items that belong on the debit side. What is meant by the trade surplus? By the balance of current account? (4+3+3=10)
5. "Changes in disposable income lead to movements along the consumption function; changes in wealth or other factors lead to a shift of the consumption function". Explain this statement with an illustration of each case. (3+2=5)
6. Discuss the importance of Macroeconomics .How public goods differ from private goods? Give examples of negative externalities. (4+3+3=10)