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Roll No.

B152

B.B.A. EXAMINATION, May 2019

(Second Semester)

(Main & Re-appear)

(BBA)

BBA104

MACROECONOMIC ANALYSIS AND
POLICY

Time : 3 Hours]

[Maximum Marks : 70

Before answering the question-paper candidates should ensure that they have been supplied to correct and complete question-paper. No complaint, in this regard, will be entertained after the examination.

Note : Attempt *Five* questions in a ll. All questions carry equal marks. Q. No. **1** is compulsory and remaining *four* questions can be attempted for four Units, selecting at least *one* question from each Unit.

1. Write short notes on the following :

- (a) Stock variables
- (b) Nature of macroeconomics
- (c) Absolute income hypothesis
- (d) Fiscal deficit
- (e) Direct taxes
- (f) Money multiplier
- (g) Repo and Reverse Repo rates.

Unit I

2. Illustrate graphically the circular flows of income and expenditure in a four-sector model. If investment falls short of saving, how it will affect the circular flow of income ?

3. Derive aggregate demand curve using the suitable graphs. Why does it slope downward ?

Unit II

4. Explain the equilibrium of national income by consumption and investment. When will the equilibrium be established at full employment ?

5. Explain the Keynesian concept of investment multiplier with suitable graphs. If marginal propensity to save is $\frac{2}{5}$, what is the value of multiplier ?

Unit III

6. Define Fiscal Policy. Discuss the role of fiscal policy in the economic growth and maintaining price stability.

7. Analytically elaborate the statement that public debt provides the foundation for a strong and resilient financial system of a modern economy, but too much of it becomes a drag on various counts.

Unit IV

8. Illustrate the process of credit creation in the economy. What is the role of commercial banks in credit creation ?

9. Discuss the main functions of Central Bank. Explain promotional and regulatory role of Central Bank.