Code : 315302

BBE 3rd Semester Exam., 2018

MACRO-ECONOMIC POLICY AND APPLICATION

Time : 3 hours   Full Marks : 60

Instructions :

(i) The questions are of equal value.

(ii) There are **SEVEN** questions in this paper.

(iii) Attempt **FIVE** questions in all.

(iv) Question Nos. **1** and **2** are compulsory.

1. Answer any *six* of the following questions :

   (a) What is deducted from Gross National Product (GNP) to get Net National Product (NNP)?

   (b) Which organization estimates national income in India?

   (c) What is Phillips curve?

   (d) Name two computational problems of national income in India.

   (e) What do you understand by involuntary unemployment?

   (f) Define aggregate demand.

   (g) In which type of country, the marginal propensity to consume (MPC) is high?

   (h) What is the nature of slope of LM curve in Keynesian IS-LM model?

   (i) Whose statement is that 'supply creates its own demand'?

   (j) What is known as the process of conversion of savings into investment?

2. Answer any *three* of the following :

   (a) Explain expenditure approach and income approach of national income measurement.

   (b) Briefly explain paradox of thrift.

   (c) What is input-output table?

   (d) Describe marginal efficiency of capital in brief.

   (e) Mention the different monetary policy instruments to control inflation.

3. What do you understand by circular flow of income? Explain with the help of two-sector and four-sector economy.

4. What is fiscal policy? How does it help in controlling excess demand?

5. Explain the theory of multiplier.

6. Write a note on consumption function while explaining the marginal and average propensity to consume.

7. Discuss quantity theory of money.

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