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# PRESIDENCY UNIVERSITY

## SCHOOL OF COMMERCE

### END TERM MAKE UP EXAMINATION – JAN 2023

**Course Code:** BAL202  
**Course Name:** Macroeconomics  
**Program:** BA LLB

**Date:** 20-01-2023  
**Time:** 09:30 AM – 12:30 PM  
**Max. Marks:** 100  
**Weightage:** 50%

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**Instruction:**

- i) Read all questions carefully and answer accordingly*
  - ii) Question paper consists of 3 parts*
  - iii) Basic calculator is permitted*
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#### **PART A**

**Answer all the ten questions**

**(10x2 =20)**

1. Which among the list is a macroeconomic variable (C.O. No. 1) [Knowledge]  
a. Price level b. Total employment c. Aggregate consumption expenditure d. All of them
2. Consumption function depicts the relationship between aggregate consumption expenditure and ---- (C.O. No. 1) [Knowledge]  
a. Investment b. Total employment c. GDP d. Taxation (C.O. No. 3) [Knowledge]
3. Which of the following is a fiscal policy instrument  
a. Pump priming b. Taxation c. Subsidies d. all of them (C.O. No. 4) [Knowledge]
4. As per Keynesian theory, underemployment equilibrium results from-----  
a. Shortage of effective demand b. Business cycle c. Inflation d. None of them (C.O. No. 3) [Knowledge]
5. GDP deflator indicates  
a. Effect of change in real output b. Effect of change in price level c. Nominal interest rate d. None of them (C.O. No. 2) [Knowledge]
6. As an effect of demand push inflation, the government as the debtor  
a. Gains b. Losses c. No effect d. Not related (C.O. No. 4) [Knowledge]
7. The problem of double counting is overcome by  
a. Value added method b. Adjusting for depreciation c. Subtracting taxes d. None of them (C.O. No. 2) [Knowledge]
8. Keynesian macroeconomic analysis emphasizes on  
a. Supply side management b. Demand management c. Price level targeting d. None of them (C.O. No. 3) [Comprehension]

9. Identify the components that differentiates personal aggregate income and Personal disposable income (C.O. No. 4) [Comprehension]  
a. Profit earned by corporates      b. Income tax c. Depreciation d. None of them
10. Keynesian income propagation mechanism relies on which of the following factor  
a. Consumption expenditure b. Marginal propensity to consume      c. Autonomous investment      d. All of them (C.O. No. 4) [Comprehension]

### **PART B**

*Answer all the five questions*

**(4x10 =40)**

11. State **Say's Law of Market'** and its significance in the classical theory of employment (C.O. No. 4) [Comprehension]
12. Explain different concepts of National income aggregate and difficulties in measuring national income (C.O. No. 2) [Comprehension]
13. Briefly discuss the subject matter of macroeconomics, its nature, scope and its significance. (C.O. No. 1) [Comprehension]
14. Differentiate cash balance approach and transaction approach to quantity theory of money. (C.O. No. 3) [Comprehension]

### **PART C**

*Answer all the five questions*

**(2x20 =40)**

15. Discuss in detail about the meaning and scope of monetary policy and the major policy instruments. (C.O. No. 5) [Comprehension]
16. Discuss in detail Keynesian theory of employment with the help of diagram (C.O. No. 4) [Comprehension]