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PRESIDENCY UNIVERSITY BENGALURU

**SET-B**

SCHOOL OF LAW

**MAKE-UP EXAMINATION JULY 2024**

**Semester :** Semester II

**Course Code :** BBA1006

**Course Name :** - Macro Economics

**Program :** BA LLB Honors

**Date :** 04 JULY 2024

**Time :** 9:30 AM - 12:30 PM

**Max Marks :** 100

**Weightage :** 50%

**Instructions:**

1. *Read all questions carefully and answer accordingly.*
2. *Question paper consists of 3 parts.*
3. *Scientific and non-programmable calculator are permitted.*
4. *Do not write any information on the question paper other than Roll Number.*

**PART A**

**ANSWER ANY FOUR QUESTIONS 4Q X 5M = 20 MARKS**

* 1. Discuss the criticism levelled against the Keynesian Theory of Income and Employment

(CO3) [Knowledge]

* 1. Describe the causes and consequences of inflation, especially in a developing economy

(CO3) [Knowledge]

* 1. Briefly explain the concept of the Keynesian (Investment) Multiplier. How does the MPC influence the size of the multiplier effect.

(CO3) [Knowledge]

* 1. State the features of the business cycle. Compare the Short Kitchin Cycle and the Long Jugler Cycle.

(CO4) [Knowledge]

* 1. Compare headline and core inflation. Briefly explain creeping, and walking inflation.

(CO4) [Knowledge]

* 1. Given, the consumption function, C = 200 + 0.8Y, where C = consumption expenditure, and Y = income. I is investment expenditure = Rs 3000. Calculate: (i) Equilibrium level of national income; (ii) Consumption at equilibrium level of national income; (iii) Saving at equilibrium level of national income.

(CO4) [Knowledge]

**PART B**

**ANSWER ANY FOUR QUESTIONS 4Q X 10M = 40 MARKS**

* 1. Compare inflation and deflation. Describe inflationary Gap and Deflationary Gap graphically. State the implications in case of both.

(CO3) [Application]

* 1. Explain how fiscal policy instruments such as an increase in government spending (G) and an increase in taxation (T) change/shift the goods market equilibrium. Demonstrate these adjustments on the Investment-Saving (IS) curve graphically.

(CO5) [Application]

* 1. Explain the concept of Effective Demand using the Aggregate Supply Function (ASF) and Aggregate Demand Function (ADF) as a function of expected receipts/proceeds. Determine the equilibrium level of employment graphically.

(CO4) [Application]

* 1. Explain the Keynes’ consumption function and show it graphically. State the concepts of APC and MPC.

(CO4) [Application]

* 1. Explain the two technical attributes or properties of consumption function related to APC and MPC graphically.
  2. Describe the subjective and objective determinants of Consumption Function

(CO4) [Application] (CO3) [Application]

**PART C**

**ANSWER ANY TWO QUESTIONS 2Q X 20M = 40 MARKS**

* 1. Explain the deflationary gap graphically. State its causes and treatment.

(CO3) [Analysis]

* 1. Explain the concept of consumption function and Psychological Law of Consumption. Describe the subjective and objective factors affecting aggregate consumption.

(CO4) [Analysis]

* 1. Explain IS-LM model and describe the slope of IS and LM curves. Demonstrate how the fiscal policy instruments such as changes in government spending (G) and taxation (T) affect the equilibrium in the goods market.

(CO5) [Analysis]