2026

BUSINESS ADMINISTRATION — HONOURS

Paper : BBAA-202-M-2

(Macroeconomics)

Full Marks : 75

The figures in the margin indicate full marks.

Candidates are required to give their answers in their own words as far as practicable.

Group - A

1. Answer ***any ten*** questions : 2×10

(a) Given a consumption function as C = 1500 + 0.4Y. Then calculate MPS and MPC.

(b) Define marginal efficiency of capital.

(c) Differentiate Balance of payment with Balance of Trade.

(d) How will LM curve be affected when the money supply decreases?

(e) What are the direct measures to control inflation?

(f) If MPC > MPS, what would be the positions of consumption and saving line?

(g) Consider a Keynesian linear consumption function and show that APC = 1 – APS.

(h) What is cost pull Inflation?

(i) What is brand money?

(j) Define GDP Deflator.

(k) How does fiscal policy differ from monetory policy?

(l) What do you mean by 'Quantity Theory of money'?

(m) What does Philips curve show?

(n) What would be the shape of IS curve when investment is interest insensitive?

(o) What is the relation between the money supply and Required Reserve Ratio?

Group - B

2. Answer ***any five*** questions : 5×5

(a) 'The balance of payment always balance itself'— Explain the statement.

(b) Define inflation. Diagrammatically explain Demand-Pull inflation.

(c) What is transfer income? Give two examples.

(d) Write nots on 'crowding out effect'.

(e) What do you understand by deficit financing?

(f) Explain neutrality of money in classical model.

(g) Given the consumption function C = ₹ 500 + 0.70 Yd. If the amount of direct tax imposed by the Government is increased from ₹ 50 to ₹ 110, then the impact on the level of National income.

(h) Define the concept of inflow and outflow of economic variates in circular flow on income in case of three sector economy.

Group - C

3. Answer ***any three*** questions :

(a) What are the major determinant of output and employment in the classical system? What role does aggregate demand have in determining output and employment? 5+5

(b) Explain the concept of clowding out effect. Define Balanced Budget multiplier. 10

(c) Make a comparison between classical theory and Keynesian Theory. 10

(d) Discuss different methods of measuring national Income. 10

(e) How does Cambridge version of quantity theory. Explain the relationship between the quantity of money and price level in the economy. 10
