

Question Bank

Programme Name: BBA IIIrd Semester

Course Name: Macroeconomic Management

Course Code: BBA- 304

S.No.	QUESTIONS	UNIT FOR REFERENCE	ANSWER KEYS	DIFFICULTY LEVEL
Objective Type Questions				
1.	The percentage of bank reserves that have to hold for a specified period of time with Central Bank is : (a) Statutory Liquidity Ratio (b) Cash Reserve Ratio (c) Floating exchange rate (d) Monetary Policy	7	B	Moderate
2.	The advantage of the public debt are following: (a) Helpful in freeing the government from casual crisis (b) Helpful in executing public work programmes (c) A safe source of investment of public (d) All of the above	6	D	Low
3.	The exchange rate which allows the country to adjust the value of the currency according to the foreign exchange market is called	7	A	High

	(a) Floating exchange rate (b) Fixed exchange rate (c) Gold standard (d) Inflation targeting			
4.	A branch of Economics which deals with the economy of consumers or households or individual firms is called (a) Macroeconomics (b) Microeconomics (c) Stock Variable (d) Flow Variable	1	B	High
5	The statutory liquidity ratio (SLR) is the amount that the bank has to maintain in the form of cash, gold and approved securities. (a) Statutory liquidity ratio (b) Cash reserve ratio (c) Export finance (d) Gold Standard	7	A	Moderate
6.	Which organization estimates the national income in India? (a) Central Statistical Organisation (b) Bureau of Indian Standard (c) Reserve Bank of India (d) State bank of India	2	A	Low

7.	<p>A persistent and considerable increase in the general price level over a period of time :</p> <p>(a) Inflation (b) Deflation (c) Indexation (d) Stagnation</p>	9	A	Moderate
8.	<p>It is the number which multiplied by the change in the determinants of national Investment gives the total increase in the national income.</p> <p>(a) Foreign trade multiplier (b) Government expenditure multiplier (c) Investment Multiplier (d) Fiscal Multiplier</p>	8	C	Low
9.	<p>The excess of planned expenditure for the current year over the total projected revenue of the budget year is called</p> <p>(a) Revenue Deficit (b) Surplus Budget (c) Fiscal Deficit (d) Deficit Budget</p>	6	A	High
10.	<p>The proportion of the total and marginal incomes which people spend on consumer goods and services is called</p> <p>(a) Marginal propensity to consume (b) Average propensity to consume (c) Both of the above</p>	3	A	Moderate

	(d0 None of the above)			
Short Answer Type Questions				
1.	Enumerate all Simplifying assumptions of two sector model	5	120	Moderate
2.	Derive the average revenue productivity of labour.	5	120	Low
3.	What do you understand by Hyper Inflation?	9	282	Low
4.	Define National Income deflator method.	9	282	High
5.	What is Microeconomics? How is it different from macroeconomics?	1	31	High
6.	How would you define Central Banking?	7	201	Moderate
7.	What is contractionary policy?	7	201	High
8.	What are micro and macro paradoxes?	1	31	High
9.	List two limitations if investment multiplier.	8	251	High
10.	What is monetary policy?	7	221	Moderate
11.	Define GNP and GDP	2	41	High
12.	Enumerate the objectives of taxation.	6	146	Moderate
13.	What are measures of National Income?	2	43	Moderate
14.	Define demand –pull Inflation	9	268	High
15.	Define static multiplier.	8	251	Moderate
16.	What are promotional functions of RBI?	7	201	Low
17.	What are the purposes of a deficit budget policy?	6	146	Moderate
18.	What are Anti-dumping tariff?	9	280	High
19.	Given the definition of tax according to Dalton and E. Marco.	8	146	High

20.	What is free trade policy?	9	280	Moderate
Long Answer Type Questions				
1.	With the help of modern theory of incidence , explain how the elasticity of the supply of an object is directly proportional to the incidence of tax upon the buyer.	6	146	High
2.	Discuss the modern theory of incidence with suitable graphical illustrations.	6	146	High
3.	Discuss balanced budgets, surplus budget and deficit budget.	6	146	Moderate
4.	Explain the economics functions of the government.	6	146	Moderate
5.	The interest rate affects saving and investment. Does it affect consumption also? What is the economist's view in this regard?	4	98	High
6.	What is permanent income hypothesis of consumption behavior? How is the hypothesis different from the absolute income hypothesis?	4	98	High
7.	What are the main determinants of the consumption expenditure according tot the relative income hypothesis? What is the ratchet effect in relative income hypothesis? Point out main weakness of relative income hypothesis.	4	98	Moderate
8.	Explain the concept of economic statics and dynamics. How does static analysis differ from dynamic analysis? Which of the two approaches you think is superior?	1	31	Low
9.	What are the limitations of macroeconomics? How can its limitations affect business decisions?	1	31	Moderate
10.	Explain the differences between static and analysis and comparative analysis. Which of the two approaches will you adopt when you ant to compare the Indian and the Chinese economy?	1	31	High
11.	Describe the various methods of measuring national income. How is a method chosen	2	53	Low

	for measuring national income?			
12.	Explain the uses and limitations of partial and general equilibrium analysis. What kind of analysis will you use to find the market clearing price for automobiles in India?	1	31	Moderate
13.	Explain the value added method of estimating national income.	2	53	Moderate
14.	Discuss demand pull Inflation due to real factors.	3	73	Low
15.	Discuss the traditional functions of RBI.	7	190	Moderate
16.	'An important reason for demand –pull inflation is increase in money supply in excess of increase in potential output'. Discuss	3	73	High
17.	What is monetarists' explanation of Inflation? Is inflation always and everywhere a monetary phenomenon?	284	9	High
18.	Discuss the key points of differences between free trade and trade promotion policy.	284	9	Low
19.	What are the fiscal measures of controlling inflation? Are the fiscal or monetary measures effective in controlling inflation?	284	9	High
20.	Discuss the key points of differences between free trade and trade protection policy.	284	9	Moderate