

**THIRD SEMESTER UG DEGREE EXAMINATION, NOVEMBER 2022**  
**(Regular/Improvement/Supplementary)**

**BBA HONOURS**  
**GBAH3B10T: PRINCIPLES OF MACRO ECONOMICS**

**Time: 3 Hours**

**Maximum Marks: 80**

**PART A: Answer all the questions. Each carries 1 mark.**

**Choose the correct answer.**

1. Which among the following items are included in Wholesale Price Index (WPI) basket?  
a) Goods only      b) Services only      c) Goods and Services      d) None of these
2. When interest rate is higher than the equilibrium rate of borrowing loanable funds, then the financial system has.....  
a) Surplus of funds      b) Deficit of funds      c) Short term funds      d) Long term funds
3. Exchange Rate refers to the rate at which the following is exchanged.  
a) Goods      b) Services      c) Currencies      d) All the above
4. If a country's policy makers were continuously use expansionary monetary policy in an attempt to hold unemployment below the natural rate, the long run result would be .....  
a) An increase in level of output      b) An decrease in the unemployment rate  
c) An increase in the rate of inflation      d) All of the above
5. What type of policy is it when the government follows a rule that tells it to increase government spending?  
a) Active monetary policy      b) Passive fiscal policy  
c) Active fiscal policy      d) Passive monetary policy

**Fill in the Blanks.**

6. ....is an economic variable that is measured over a specific period of time. It is a dynamic concept.
7. Intermediate goods are not included to calculate the final output because.....
8. Current accounts records all payments to rest of the world as.....and all receipts from rest of the world as.....
9. In India, Inflation is measured by.....
10. Bank rate is the rate at which the Reserve Bank of India provides loans to.....

**(10 × 1 = 10 Marks)**

**PART B. Answer any eight questions. Each carries 2 marks.**

11. Give the equations to find out NNP, PCI, GDP and factor income.
12. What is planned investment in economics?
13. Distinguish between public saving and private saving.
14. Comment on trade surplus.
15. Write an account on Inflation.

**(PTO)**

16. What is natural rate of unemployment?
17. Clarify the concept of demand pull inflation.
18. What is inflation tax?
19. Describe the term zero inflation.
20. What do you mean by government deficit?

(8 × 2 = 16 Marks)

**PART C: Answer any six questions. Each carries 4 marks.**

21. Which are the eight major categories of consumer price index?
22. Write a note on aggregate demand and aggregate supply.
23. Examine how the price level affects the quantity of goods and services demanded.
24. Distinguish between physical capital and human capital.
25. What happens to money market when there is an increase in the supply of money? Explain with graphs.
26. Why trade - off between inflation and unemployment is not possible in the long run?
27. Graphically explain the supply shock in the Phillips curve in 1970s.
28. Comment on 'monetary policy be made by rule or discretion'.

(6 × 4 = 24 Marks)

**PART D: Answer any two questions. Each carries 15 marks.**

29. Explain different methods of measuring National Income of an economy.
30. Analyse the fluctuations in the economy as a whole with the model of aggregate demand and aggregate supply.
31. Should the government fight recessions with spending hikes rather than tax cuts? Comment.

(2 × 15 = 30 Marks)