

END SEMESTER EXAMINATION, MAY - 2026**M. B. A. Semester – II****Paper Code: 552112****Subject Name: Macro Economics****Subject Code: MB206****Time allotted: 03 Hours****Max. Marks: 100****Note: Read all the instructions carefully.****Q.1 VERY SHORT ANSWER QUESTIONS – Attempt All. [Word limit – 30 words] (10x2 = 20 Marks)**

- a. Define Net National Product (NNP). CO-1
- b. What is meant by national income? CO-1
- c. List the three methods of measuring national income. CO-1
- d. What is the income method of GDP calculation? CO-1
- e. What is the expenditure method of GDP estimation? CO-1
- f. What is the relationship between MPC and MPS? CO-2
- g. Define investment in macroeconomic terms. CO-2
- h. What is autonomous consumption? CO-2
- i. What is induced consumption? CO-2
- j. Define the multiplier effect. CO-2

Q.2 SHORT ANSWER QUESTIONS – Attempt any Five. [Word limit – 100 words] (5x4 = 20 Marks)

- a. Analyse the impact of increased public expenditure on employment levels. CO-3
- b. Explain how reverse repo rate affects banking behavior and credit supply. CO-3
- c. Apply fiscal policy tools to address economic slowdown in India. CO-3
- d. How can a business use macroeconomic policy signals for strategic decision-making? CO-3
- e. Examine how inflation affects purchasing power and income distribution. CO-4
- f. Analyse the effectiveness of monetary policy in controlling inflation in India. CO-4
- g. Given: CO-4
IS: $Y=3000-150r$
LM: $Y=1500+150r$
Central bank increases money supply → LM becomes:
 $Y=2000+150r$
Compute new equilibrium.
Analyse impact on investment and output.

Q.3 STRUCTURED QUESTIONS – Attempt any Three. [Word limit – 200 words] (3x10 = 30 Marks)

- a. Analyse the impact of demand-pull and cost-push inflation on economic stability and business operations. CO-4
- b. Given the IS–LM framework: CO-4
IS: $Y=5000-200r$, LM: $Y=2000+100r$
Compute equilibrium income and interest rate.
Analyse how an increase in government expenditure shifts equilibrium.
- c. Evaluate the sustainability of India's current account deficit and its implications for long-term economic growth. CO-5
- d. Assess the effectiveness of managed floating exchange rate system followed in India in maintaining macroeconomic stability. CO-5

Q.4 CASE / SITUATION – Attempt any Three. [Word limit – 300 words] (2x15 = 30 Marks)

- a. The economy shows high inflation along with rising unemployment. CO-5
Suggest a policy framework addressing this trade-off (Phillips Curve context).
Suggest both short-term and long-term measures.
- b. India's current account deficit is widening due to high imports and currency depreciation. CO-6
Propose a comprehensive strategy involving exchange rate management, trade policy, and capital flows.
- c. A global financial crisis leads to capital outflows and reduced exports in India. CO-6
Design a macroeconomic stabilization strategy for government and central bank.
