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BACHELOR OF BUSINESS ADMINISTRATION (B.B.A.)
EXAMINATION: DECEMBER - 2025
SEMESTER - IV
Sub.: Macro Economics (BBA22-413)

Date : 29/12/2025**Total Marks : 60****Time: 2.00 pm to 4.30pm**

Instructions: 1) All questions are compulsory.
 2) Figures to the right indicate full marks.

Q. 1. Choose the most appropriate option. (05)

1. Macro economics primarily deals with:
 - a) National income, inflation, unemployment
 - b) Firm-level decisions
 - c) Individual markets
 - d) Consumer behaviour
2. In the circular flow of income, leakages include:
 - a) Investment
 - b) Government spending
 - c) Savings and taxes
 - d) Exports
3. The Classical theory of employment assumes:
 - a) Involuntary unemployment exists
 - b) Markets are imperfect
 - c) Government intervention is necessary
 - d) Full employment is the normal situation
4. The consumption function shows the relationship between:
 - a) Income and investment
 - b) Consumption and saving
 - c) Income and consumption
 - d) Consumption and inflation
5. Demand for money according to Keynes is mainly for:
 - a) Imports and exports
 - b) Transactions, precautionary, speculative motives
 - c) Consumption and savings
 - d) Investment and production

Q. 2. State True / False (05)

1. Absolute Advantage Theory Explain Interdependence Of Two Countires With Relative Opportunity Cost Of Production
 - a) True
 - b) False
2. NBFCs are allowed to accept demand deposits like commercial banks.
 - a) True
 - b) False
3. Deflation refers to a continuous rise in the general price level.
 - a) True
 - b) False
4. Central Bank Is The Banker Of Banks
 - a) True
 - b) False
5. Marginal Efficiency of Capital (MEC) refers to the expected profitability of an additional unit of capital.
 - a) True
 - b) False

Q. 3. Write Short Notes on (Any Three) (15)

1. Importance of Macroeconomics
2. Keynesian Theory of Income and Employment
3. Types of Inflation

4. Current Account
5. National Income Measures

Q. 4. Answer in detail (Any Two) (20)

1. Please Explain Classical Theory Of Employment And Income And How It Is Related To The Great Financial Crisis 1929
2. Define consumption function. Discuss its properties, psychological laws, and significance in macroeconomic theory.
3. Explain Friedman's Modern Quantity Theory of Money. How does it differ from Keynes' demand for money?
4. Please Explain The Balance Of Payment With Its Components.

Q. 5. Case study (15)

Country X produces agricultural goods more efficiently than Country Y. However, Country Y produces manufactured goods at a lower opportunity cost. Recently, Country X is facing a trade deficit due to higher imports of technology and machinery.

Questions:

1. Using the concepts of absolute and comparative advantage, explain why both countries should engage in trade.
 2. What factors may cause a trade deficit in Country X?
 3. Explain how persistent trade deficits impact the Balance of Payments (BoP).
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