

JAYPEE UNIVERSITY OF INFORMATION TECHNOLOGY, WAKNAGHAT

TEST -3 EXAMINATION- 2025

BBA- II Semester

COURSE CODE (CREDITS): 23BB1HS212 (4)

MAX. MARKS: 35

COURSE NAME: Macroeconomics

COURSE INSTRUCTORS: Dr. Bilal Khan (BLK)

MAX. TIME: 2 Hours

Note: (a) All questions are compulsory. (b) Use of calculators is allowed.

Q. No	Question	CO	Marks
1.	<p>Consider the following economy in a three-sector model:</p> <p>Consumption (C) = $300 + 0.7(Y - T)$ Investment (I) = $50 - 25i$ Government Expenditure (G) = 75 Tax (T) = 50 Real Money Demand (M_d) = $Y - 20i$ Real Money Supply (M_s) = 600</p> <p>(a) Derive the IS and LM Curve Equation. (b) Find the equilibrium income and interest rate. (c) Suppose the government expenditure increases by Rs. 25 crores, what will be the new equilibrium income and interest rate.</p>	CO3	6
2.	<p>Consider the following economy in a four-sector model:</p> <p>Consumption (C) = $50 + 0.9(Y - T)$ Tax (T) = 100 Investment (I) = $150 - 5i$ Government Expenditure (G) = 100 Real Money Demand (M_d) = $0.2y - 10i$ Nominal money supply = 200, Price = 2 Exports (X) = 20, Imports (M) = $10 + 0.1Y$</p> <p>(a) Derive the IS and LM Curve Equation. (b) Find the equilibrium income and interest rate. (c) Find the Foreign Trade Multiplier. (d) Suppose the Taxes are increased to Rs. 150 crores, what will be the new equilibrium income and interest rate.</p>	CO3	8
3.	<p>Explain the Keynes concept of Demand-pull inflation with the help of diagram.</p>	CO4	6

4.	<i>The demand for money under speculative motive is a decreasing function of the current rate of interest, increasing as the interest rate falls and decreasing as the interest rate rises. Discuss the statement in the context of Keynesian Liquidity Trap situation with the help of diagram.</i>	CO4	5
5.	Differentiate between Balance of Payment (BOP) and Balance of Trade (BOT). Provide some information about the capital account component of BOP.	CO5	5
6.	Write short notes on any two of the following: (a) Flexible Exchange Rate (b) Spot and Swap Transactions (c) Repo Rate and Lending Margins (d) Four Measures of Money Supply	CO5	5