R.N.G.PATEL INSTITUTE OF TECHNOLOGY-RNGPIT
(An Autonomous Institute U/s UGC Act 1956)

IMBA SEMESTER-II, SEMESTER END EXAMINATION – WINTER 2025

SUBJECT CODE: 1BB0201   **DATE: 09-01-2026**
SUBJECT NAME: MACROECONOMICS
TIME: 11:00 AM to 01:30 PM   **TOTAL MARKS: 70**

Instructions

1. It is **compulsory** for students to write **Enrolment No. /Seat No.** on the question paper.
2. Write answers of **Section A** and **Section B** in **separate answer books**.
3. Attempt all questions from both **Section A** and **Section B**.
4. Each section carries **35 marks**, with a total of **70 marks** for the examination.
5. The figures to the right of each question indicate full marks, make suitable assumptions with justification.
6. BL - Bloom's Taxonomy Levels (R-Remember, U-Understanding, A –Application, N –Analyze, E – Evaluate, C -Create), CO - Course Outcomes.

SECTION A

	Marks	BL	CO
Q.1 Multiple-Choice Questions	**[05]**		
(a) Macroeconomics mainly deals with	1	R	1
(i) Individual consumer behavior **(ii)** Aggregate economic variables			
(iii) Pricing of a single product **(iv)** Firm-level decision making			
(b) Which of the following is NOT a macroeconomic goal?	1	R	1
(i) Economic growth **(ii)** Profit maximization			
(iii) Full employment **(iv)** Price stability			
(c) Classical theory assumes	1	U	2
(i) Involuntary unemployment **(ii)** Supply creates its own demand			
(iii) Demand creates supply **(iv)** Government intervention			
(d) Effective demand is determined by	1	U	2
(i) Aggregate supply only **(ii)** Consumption only			
(iii) Aggregate demand and supply **(iv)** Savings only			
(e) Cyclical unemployment occurs due to	1	R	2
(i) Seasonal factors **(ii)** Structural changes			
(iii) Economic downturns **(iv)** Job search delays			
Q.2 Attempt Any Two	**[10]**		
(a) Explain the difference between microeconomics and macroeconomics.	5	R	1
(b) Elaborate the concept of personal income and disposable income.	5	U	1

(c) Define GDP. Also explain any three importance of GDP.   **5**   **A**   **1**

Q.3 Attempt Any Two   **[10]**

(a) Distinguish between structural and cyclical unemployment.   **5**   **R**   **2**

(b) Explain aggregate supply with appropriate example.   **5**   **U**   **2**

(c) Discuss say's Law of markets.   **5**   **A**   **2**

Q.4 Attempt Any Two   **[10]**

(a) Explain the income method of national income calculation.   **5**   **U**   **1**

(b) Discuss the multiplier effect with an example.   **5**   **A**   **2**

(c) Explain Keynesian concept of effective demand.   **5**   **R**   **2**

SECTION B

Q.5 Multiple-Choice Questions [05]

(a) Which of the following is NOT a function of money? 1 R 4

    (i) Medium of exchange   **(ii)** Store of value

    (iii) Measure of national income   **(iv)** Unit of account

(b) Which of the following is a tool of monetary policy? 1 U 4

    (i) Taxation   **(ii)** Government expenditure

    (iii) Open market operations   **(iv)** Subsidy

(c) Fiscal policy mainly deals with: 1 U 5

    (i) Money supply   **(ii)** Interest rate

    (iii) Government revenue and expenditure   **(iv)** Foreign exchange

(d) Which exchange rate system is determined by market forces? 1 U 5

    (i) Fixed exchange rate   **(ii)** Flexible exchange rate

    (iii) Managed exchange rate   **(iv)** Pegged exchange rate

(e) Imposition of tax on imported goods is known as: 1 R 5

    (i) Quota   **(ii)** Subsidy

    (iii) Tariff   **(iv)** Embargo

Q.6 Attempt Any Two [10]

(a) Define money and state any two functions of money. 5 R 4

(b) What is meant by fiat money? 5 U 4

(c) List any two functions of the Reserve Bank of India. 5 R 4

Q.7 Attempt Any Two [10]

(a) What is monetary policy? 5 U 4

(b) What is inflation? 5 R 4

(c) What is fiscal policy? 5 U 5

Q.8 Attempt Any Two **[10]**

    (a) Discuss budget deficit and its implications. **5**   **E**   **5**

    (b) Explain the structure of Balance of Payments. **5**   **E**   **5**

    (c) Evaluate the role of international trade in economic growth. **5**   **E**   **5**

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