

Roll No. ....

**56521**

**MBA 5 year 2<sup>nd</sup> Semester (N. S.)  
Examination – July, 2022**

**MACRO ECONOMIC FOUNDATIONS**

Paper : 502-P1

Time : Three hours ]

[ Maximum Marks : 80

*Before answering the questions, candidates should ensure that they have been supplied the correct and complete question paper. No complaint in this regard, will be entertained after examination.*

**Note :** All questions of *Section-A* are *compulsory*. Attempt *four* questions from *Section-B* selecting *one* question from each Unit. All questions carry equal marks.

**SECTION – A**

✍. Write short note on the following :

- (a) Real Flow of Income
- (b) Leakages of Multiplier
- (c) Pump Priming

- (d) Bank credit
- (e) Business Cycles
- (f) Permanent income hypothesis
- (g) Evasion of taxes
- (h) Quantitative credit control

**SECTION – B**

**UNIT – I**

- ✍. Describe the concept of 'circular flow of money' in an open economy. Illustrate with the help of suitable diagrams, the various flows of money in an open economy.
- 3. Define national income. Explain the different ways of measuring the national income of a country.

**UNIT – II**

- 4. Distinguish between marginal propensity to consume and average propensity to consume. Write down the factors that determine the propensity to consume in an economy. <https://www.mdustudy.com>
- 5. Give an illustrated explanation of the concept of Multiplier. What is the importance of Multiplier in economic analysis and economic policy ?

### UNIT – III

6. What is public debt ? Describe the nature causes and impact of public debt in India.
7. What is the tax and taxation system ? Explain the characteristics of a good taxation system. Also distinguish between direct and indirect taxes.

### UNIT – IV

8. Critically evaluate the Reserve Bank's concept of supply of money in India.
9. Critically examine the effect of inflation on economic development of a country. What are the various measures to control the inflation ?