

JAYPEE UNIVERSITY OF INFORMATION TECHNOLOGY, WAKNAGHAT  
TEST -2 EXAMINATION- 2025

BBA- II Semester

COURSE CODE (CREDITS): 23BB1HS212 (4)

MAX. MARKS: 25

COURSE NAME: Macroeconomics

COURSE INSTRUCTORS: Dr. Bilal Khan (BLK)

MAX. TIME: 1 Hour 30 Min

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

Q. No	Question	CO	Marks
1.	What is meant by 'effective demand'? Explain with the help of diagram how equilibrium level of employment is determined by effective demand at less than full employment level.	CO2	6
2.	Discuss, with the help of diagram, the condition of achieving full employment equilibrium level of national income according to Keynes theory of income and employment.	CO2	3
3.	<p>You are given the following data for an economy:</p> <p style="text-align: center;"><b><i>Consumption (C) = 35 + 0.65Y<sub>d</sub></i></b>  <b><i>Investment (I) = 55</i></b>  <b><i>Government Expenditure (G) = 30</i></b>  <b><i>Lump-sum Taxes (T) = 15</i></b></p> <p>(a) Find the equilibrium level of income and consumption.  (b) If lump sum taxes increase by 10, what will be the new equilibrium level of income and lump-sum tax multiplier?  (c) If government expenditure decreases by 5, what will be the new equilibrium level of income and government expenditure multiplier?</p>	CO2	5
4.	<p>Given the following information about the economy of a country:</p> <p style="text-align: center;"><b><i>Consumption (C) = 60 + 0.40Y<sub>d</sub></i></b>  <b><i>Investment (I) = 75</i></b>  <b><i>Government Expenditure (G) = 50</i></b>  <b><i>Taxes (T) = 45 + 0.20Y</i></b></p> <p>(a) Find the equilibrium level of income and consumption.  (b) How much amount is collected in net taxes at equilibrium level of income?  (c) What is the government budget deficit or surplus?  (d) Calculate government expenditure multiplier. If full employment level of income is 650 crores, how much government expenditure should be increased to attain full employment?</p>	CO2	6
5.	What do you understand by IS and LM Model? Show diagrammatically how simultaneous equilibrium is achieved in the goods and money market through this model.	CO3	5