**Macro Economics**

**June 2022 Examination**

**Q1. Explain the concept of Investment Multiplier? How is it related to marginal propensity to consume? (10 Marks)**

**Ans 1.**

**Introduction:**

An investment multiplier is a tool for calculating the financial impact of public and private funding. The perception of an investment multiplier states that each boom in population or private capital spending has a larger-than-proportional beneficial impact on combination sales and the economy. The multiplier tries to measure the consequences of investment spending that aren't immediately observable. The greater the multiplier of funding, the extra power it is at production and distributing wealth across the economic system. For example, more significant

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**Q2. Is the fixed or flexible exchange rate more advantageous for an economy? Discuss the advantages and disadvantages of a fixed exchange rate? (10 Marks)**

**Ans 2.**

**Introduction:**

The government is primarily worried about ensuring a stable and thriving global economy. Forex fee systems that are stable are essential for the constant economic boom. This research compares and contrasts fixed exchange costs, variable change rates, and foreign boards/unions and their benefits and drawbacks. Market-determined floating trade rate systems have values that modify with market factors. Below a fixed exchange price gadget, the central bank is dedicated to using

**Q3a. The following information is available for an economy. On the basis of the information given below, calculate National Income (5 Marks)**

|  |  |
| --- | --- |
| **Items**  | **Rs** |
| **Wages** | **10,000** |
| **Rent** | **5000** |
| **Interest** | **400** |
| **Dividend** | **3000** |
| **Mixed-income** | **400** |
| **Undistributed Profits** | **200** |
| **Social security contribution** | **400** |
| **Corporate profit tax** | **400** |
| **Net factor income earned from abroad** | **1000** |

**Ans 3a.**

**Introduction:**

The value of products and services generated using a country at some point of a financial year is referred to as countrywide earnings. Consequently, it is the sum of all a country's financial operations, measured in monetary phrases over a yr. National profit is a vague word often interchanged with country-wide dividends, national production, and national spending. The

**Q3b. Instruments of Quantitative Credit Control (5 Marks)**

**Ans 3b.**

**Introduction:**

Quantitative or general credit management techniques are the strategies hired by the banking system to affect the overall amount of credit within the financial gadget, irrespective of how it is utilized. These measures govern the financial area's capacity to lend at some point in the sector