

(4) **BCH-203(DDN/BTL)**

5. (a) Discuss the role and function of Investment in an economy. (CO5)
- (b) Discuss the difference between Residential investment and Inventory investment. (CO5)
- (c) Explain the transaction theory of money with the help of an example. (CO5)

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### **B. Com. (SECOND SEMESTER) END SEMESTER EXAMINATION,**

**July/Aug., 2022**

**MACROECONOMICS**

**Time : Three Hours**

**Maximum Marks : 100**

**Note :** (i) All questions are compulsory.

(ii) Answer any *two* sub-questions among (a), (b) and (c) in each main question.

(iii) Total marks in each main question are **twenty**.

(iv) Each sub-question carries 10 marks.

1. (a) What is the importance of macroeconomics ? How does macroeconomics help in the formulation of economic policies ? Answer the question with reference to macroeconomic problems. (CO1)

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- (b) Macroeconomics is the study of economy as a whole. What are the variables that figure in the study of economy as a whole. How do these variables interact ? (CO1)
- (c) What is the effect of change in personal taxes and the government expenditure on the circular flows of income and expenditure ? Does a balanced budget policy result in expansion or reduction in the circular flows ? (CO1)
2. (a) What monetary measures have been used by the RBI to control inflation in the country ? Which of the measures proved to be more effective ? (CO2)
- (b) Fiscal policy is the most powerful tool of achieving macroeconomic goals. Do you agree with this statement ? Give reasons for your answer. (CO2)
- (c) Discuss the Aggregate Demand and Aggregate supply with the help of a diagram. (CO2)

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3. (a) Explain and distinguish between moderate, galloping and hyperinflation. What are the general features of these kinds of inflation ? (CO3)
- (b) What is meant by unemployment ? How is unemployment measured ? What are the different types of unemployment ? (CO3)
- (c) Discuss the Philips curve with the help of a diagram. Discuss the reasoning behind the negative slope of the Phillips curve. (CO3)
4. (a) Discuss the difference between Open economy and Closed economy. (CO4)
- (b) What are the net capital outflow and the trade balance ? Explain how they are related. (CO4)
- (c) Discuss how savings and Investment are determined in Small open economy. (CO4)