Enrollment No......................................

Faculty of Commerce

End Sem (Odd) Examination Dec-2022

CM3EG02 Macro Economics

Programme: B.Com. (Hons.)   Branch/Specialisation:
Commerce

Duration: 3 Hrs.   **Maximum Marks: 60**

Note: All questions are compulsory. Internal choices, if any, are indicated. Answers of Q.1 (MCQs) should be written in full instead of only a, b, c or d.

Q.1 i.   According to classical economist that there will always   **1**
          be.............................in the economy.
          (a) Lack of employment   (b) Unemployment
          (c) Full employment   (d) None of these

     ii. According to Keynes the level of output and employment in the   **1**
          economy is determined by the..............................
          (a) Aggregate supply   (b) Aggregate Demand
          (c) Total income   (d) None of these

     iii. DGP=   **1**
          (a) NDP + Depreciation   (b) NDP – Depreciation
          (c) NDP   (d) NNP- Depreciation

     iv. Which one is the reason for difference between market prices and   **1**
          factor cost?
          (a) Indirect Taxes   (b) Subsidies (c) Both (a) and (b)   (d)
          Neither (a) nor (b)

     v.   'Supply creates its own demand' propounded by which economists.   **1**
          (a) Alfred Marshall   (b) Paul Anthony Samuelson
          (c) Jean-Baptiste Say   (d) Arthur Cecil Pigou

     vi. Multiplier is …… related to MPC.   **1**
          (a) Rarely   (b) Directly   (c) Indirectly   (d) None of these

     vii. According to quantity theory of money there is ……. Correlation   **1**
          between supply of money and price of goods.
          (a) Positive   (b) Negative   (c) Zero   (d)None of these

     viii. What do you mean by 'P' in the following equation, MV+ M1 V1 =   **1**
          PT?
          (a) General price level   (b) Paper notes
          (c) Production   (d) None of these

P.T.O.

     ix. According to Hawtrey, increase in the quantity of money supply,   **1**
          decrease the.
          (a) Demand   (b) Inflation   (c) Rate of interest   (d) Supply

     x.   An increase in the overall price level is known as.   **1**
          (a) Increase in aggregate in supply   (b) Inflation
          (c) Increase in aggregate in demand   (d) Growth of the economy

Q.2 i.   Write a detailed note on stock and flow variable.   **4**
     ii. Elaborate the development of macro economics.   **6**
OR   iii. What do you mean by macroeconomics? Explain the importance of   **6**
          macroeconomics.

Q.3 i.   Define circular flow of income.   **3**
     ii. Elaborate the circular flow of income in four sector economy.   **7**
OR   iii. What do you mean by national income? Explain the income method to   **7**
          calculate the national income.

Q.4 i.   Discuss the importance of marginal efficiency of capital.   **2**
     ii. Discuss the attributes of consumption function. How these attributes of   **8**
          a consumption function help to an industrialist? Discuss it.
OR   iii. Critically explain theory of investment multiplier.   **8**

Q.5 i.   Quantity theory of money helps the central bank of a country to draw   **3**
          the monetary policy. Discuss.
     ii. What do you by money? Elaborate functions of money.   **7**
OR   iii. Critically discuss Irving Fisher's quantity theory of Money.   **7**

Q.6   Attempt any two
     i.   Write a note on trade cycle. How trade cycle helps an entrepreneur in   **5**
          decision making.
     ii. Describe demand pull inflation. How businessman draws a plan if there   **5**
          is demand pull inflation in an economy? Discuss it.
     iii. Discuss the various tools of monetary policy.   **5**

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Q.1 i. According to classical economist that there will always be............................in the economy. **1**
(c) Full employment

ii. According to Keynes the level of output and employment in the economy is determined by the............................ **1**
(b) Aggregate Demand

iii. DGP= **1**
(a) NDP + Depreciation

iv. Which one is the reason for difference between market prices and factor cost? **1**
(c) Both (a) and (b)

v. 'Supply creates its own demand' propounded by which economists. **1**
(c) Jean-Baptiste Say

vi. Multiplier is …… related to MPC. **1**
(b) Directly

vii. According to quantity theory of money there is ……. Correlation between supply of money and price of goods. **1**
(a) Positive

viii. What do you mean by 'P' in the following equation, MV+ M1 V1 = PT? **1**
(a) General price level

ix. According to Hawtrey, increase in the quantity of money supply, decrease the. **1**
(c) Rate of interest

x. An increase in the overall price level is known as. **1**
(b) Inflation

Q.2 i. Stock — 2 marks — **4**
Flow variable. — 2 marks

ii. Elaborate the development of macro economics. — **6**
As per the explanation

OR iii. Meaning of macroeconomics — 1 mark — **6**
Any five importance of macroeconomics.
1 mark for each (1 mark * 5) — 5 marks

Q.3 i. Definition of circular flow of income. — **3**
ii. Circular flow of income in four sector economy. — **7**

Meaning — 2 marks
Explanation — 2 marks
Assumption — 1 mark
Chart — 2 marks

OR iii. Meaning of national income — 2 marks — **7**
Income method to calculate the national income — 5 marks

Q.4 i. Any two importance of marginal efficiency of capital. — **2**
1 mark for each (1 mark * 2)

ii. Attributes of consumption function. — **8**
MPC — 3 marks
APC — 3 marks
Attributes of a consumption function help to an industrialist — 2 marks

OR iii. Theory of investment multiplier concept — 2 marks — **8**
Assumptions — 1 mark
Explanation with table and diagram — 4 marks
Criticism — 1 mark

Q.5 i. Quantity theory of money helps the central bank of a country to draw the monetary policy. Discuss. — **3**

ii. Definition of money — 2 marks — **7**
Any five functions of money.
1 mark for each (1 mark * 5) — 5 marks

OR iii. Irving Fisher's quantity theory of Money — **7**
Statement of the theory — 2 marks
Assumption — 1 mark
Explanation — 3 marks
Criticism — 1 mark

Q.6 Attempt any two
i. Trade cycle — 2 marks — **5**
Trade cycle helps an entrepreneur — 3 marks

ii. Demand pull inflation. — 2 marks — **5**
It helpful to a businessman in business — 3 marks

iii. Various tools of monetary policy. — **5**
1 mark for each (1 mark * 5)

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