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

Faculty of Commerce
End Sem (Odd) Examination Dec-2019
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.　Macro Economics as a separate branch came to be studied after　**1** contribution of which Economist?
　　　　(a) Adam Smith　　　　　(b) J.M. Keynes
　　　　(c) Samuelson　　　　　(d) None of these

　　ii.　Macro Economics is a Study of Economics that deals with four　**1** major factors-
　　　　(a) Households, firms, Government and Demand Supply
　　　　(b) Households, firms, Government and external sectors
　　　　(c) Firms, Government, marketing and Regulations
　　　　(d) None of these

　　iii.　Consider the following statement and identify the right ones-　**1**
　　　　I.　National Income is the monetary value of all final goods and services produced.
　　　　II.　Depreciation is deducted from Gross Value to get the Net Value.
　　　　(a) Only I　　　　　(b) Only II
　　　　(c) Both I and II　　　　(d) None of these

　　iv.　The Net Value of GDP after deducting depreciation from GDP is-　**1**
　　　　(a) NNP　　(b) NDP　　(c) GNP　　(d) Disposable Income

　　v.　Classical theory of Employment was propounded by-　**1**
　　　　(a) J.M. Keynes　　　　(b) J.B. Say
　　　　(c) Milton Friedman　　　(d) None of these

　　vi.　Marginal Propensity to consume is measured by applying the formula　**1**
　　　　(a) Change in Consumption / Change in Income
　　　　(b) Change in Income / Change in Consumption
　　　　(c) Change in Demand / Change in Supply
　　　　(d) None of these

P.T.O.

vii.   In the Fisher's Equation the value level of money is affected by-   **1**
(a) Passive Money   (b) Active Money
(c) Both (a) and (b)   (d) None of these

viii.   What relation is explained by Keynes in his money and price   **1**
theory?
(a) No any relation between money and price.
(b) No direct affect of quantity of money on price level.
(c) Quantity of money and price level are same
(d) None of these

ix.   When Aggregate Economic activity is increasing the economy is   **1**
said to be?
(a) An Expansion   (b) A Contraction
(c) A Peak   (d) A Turning Point

x.   The cause of Inflation is-   **1**
(a) Decrease in money Supply.
(b) Increase in money supply and fall in Production.
(c) Increase in population.
(d) None of these

Q.2 i.   Write a note on development of macro economics.   **3**
    ii.   Discuss the significance of Macro-economics analysis in the light of   **7**
present scenario.
OR iii.   Discuss the types of macro-economic analysis.   **7**

Q.3 i.   Explain the circular flow of income in two sector economy.   **3**
    ii.   Discuss the importance of National Income.   **7**
OR iii.   Describe the difficulties in the calculation of National Income.   **7**

Q.4 i.   What do you mean by classical theory of employment?   **4**
    ii.   Explain concept of consumption function with the help of example   **6**
and diagram.
OR iii.   What do you mean by multiplier? Explain the working of multiplier.   **6**

Q.5   Attempt any two:
    i.   Explain any five functions of money.   **5**
    ii.   Describe Cambridge Cash Balance Approach in brief.   **5**

iii.   Give the meaning of money supply and explain measures of money   **5**
supply.

Q.6   Attempt any two:
    i.   Discuss the role of monetary policy in developing country like   **5**
India.
    ii.   Explain four phases of business cycle with the help of diagram.   **5**
    iii.   Describe the role of Fiscal Policy as an anti-inflationary measure.   **5**

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Marking Scheme
CM3EG02 Macro Economics

Q.1 i. Macro Economics as a separate branch came to be studied after contribution of which Economist? **1**
(b) J.M. Keynes

ii. Macro Economics is a Study of Economics that deals with four major factors- **1**
(b) Households, firms, Government and external sectors

iii. Consider the following statement and identify the right ones- **1**
   I. National Income is the monetary value of all final goods and services produced.
   II. Depreciation is deducted from Gross Value to get the Net Value.
   (c) Both I and II

iv. The Net Value of GDP after deducting depreciation from GDP is- **1**
(b) NDP

v. Classical theory of Employment was propounded by- **1**
(b) J.B. Say

vi. Marginal Propensity to consume is measured by applying the formula **1**
(a) Change in Consumption / Change in Income

vii. In the Fisher's Equation the value level of money is affected by- **1**
(b) Active Money

viii. What relation is explained by Keynes in his money and price theory? **1**
(b) No direct affect of quantity of money on price level.

ix. When Aggregate Economic activity is increasing the economy is said to be? **1**
(a) An Expansion

x. The cause of Inflation is- **1**
(b) Increase in money supply and fall in Production.

Q.2 i. Note on development of macro economics. **3**
(As per explanation)

ii. Macro-economics analysis (1 mark*7) **7**

OR iii. Types of macro-economic analysis. **7**
(Maximum 3 types each type 7/3 marks)

Q.3 i. Define 2 sectors and explain with chart 3 marks **3**
ii. Importance of National Income. (1 mark*7) **7**

OR iii. Difficulties in the calculation of National Income. (1 mark*7) **7**

Q.4 i. Explanation of Classical Theory of Employment 2 marks **4**
   Assumption of Classical Theory of Employment 2 marks

ii. Definition of consumption function with assumption 2 marks **6**
   Explanation with Example and diagram 2 marks

OR iii. Definition 2 marks **6**
   Assumption 1 marks
   Working 3 marks

Q.5 Attempt any two:
i. Explanation of any 5 points (1 mark*5) **5**
ii. Explanation with formula, diagram 5 marks **5**
iii. Meaning of money supply 1 mark **5**
   Details of 4 measures of money supply. 4 mark

Q.6 Attempt any two:
i. Role of Monetary Policy in developing country 4 marks **5**
ii. Diagram 1 mark **5**
   Explanation of 4 phases (1 mark*4)
iii. As per explanation of Fiscal Policy as a tool for controlling Inflation **5**
   5 marks

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