National Institute of Technology Mizoram
Mid – Semester Examination, Even Semester (2022-23)
Macroeconomics and Business Environment (HUL 1601)

6th Sem. (CSE & ME)   Full Marks: 30 marks   Duration: 1:30 hours

Answer all 3 (Three) Questions. All Questions Carry Same Marks
(3 * 10 = 30 Marks)

1. (a) Draw the 4 – sector circular flow of income. (3 marks)

   (b) What is the difference between Nominal GDP and Real GDP? (2 marks)

   (c) How is income and welfare related? Does more income lead to better welfare? Substantiate your answer. (5 marks)

2. (a) What is tax multiplier? (3 marks)

   (b) Differentiate between Classical and Keynesian theory of output and income determination. (7 marks)

3. (a) What is aggregate demand and aggregate supply? (4 marks)

   (b) What is the difference between the Classical and Keynesian AS curves? Explain in detail. (6 marks)

National Institute of Technology Mizoram
End – Semester Examination, Even Semester (2022-23)
Macroeconomics and Business Environment (HUL 1601)

6th Sem. (CSE & ME)   Full Marks: 50 marks   Duration: 2:30 hours

Answer all 5 (Five) Questions. All Questions Carry Same Marks
(5 * 10 = 50 Marks)

1. Derive the IS and LM curves. Show with illustration the determination of equilibrium Interest rate and Income using IS-LM model. (6 + 4 = 10 Marks)

2. Define Inflation. What are the various measures of inflation? Discuss in detail the various monetary policy instruments of RBI to curb inflation. (2 + 4 + 4 = 10 Marks)

3. What is Okun's Law? How do we measure unemployment in India? What are effects of unemployment in the economy and society? (2 + 4 + 4 = 10 Marks)

4. What is depreciation and appreciation of a currency? Explain the various policy initiatives under the fixed and flexible exchange rate regimes using the IS-LM framework. (2 + 8 = 10 Marks)

5. Define/illustrate the following: (2 X 5 = 10 marks)
    a. Foreign trade multiplier
    b. Accelerator
    c. Say's Law
    d. Leontief paradox
    e. Methods of measuring GDP

Class test 4

Instructions:

- Write your name, enrolment no. and branch clearly on each and every page.
- Full marks 10
- Time: 1 hr.
- You should send your answers as pdf format and the pdf file should be named as your enrolment no. and name.
- Mail the answer script in the mail id: gyanendra.hss@nitmz.ac.in

1. What is Stagflation? Describe a situation that could produce it. Could the situation you have described be avoided? Should it be avoided?
2. State Okun's Law. How does it help us evaluate the cost (to society) of unemployment?

Assignment 2

Instructions:

- Write your name, enrolment no. and branch clearly on each and every page.
- You should send your answers as pdf format and the pdf file should be named as your enrolment no. and name.
- Mail the answer script in the mail id: gyanendra.hss@nitmz.ac.in

1. What do Keynesians believe caused the Great Depression? What do Monetarists believe caused the Great Depression? Are these explanations mutually exclusive? Why are macroeconomists so interested in explaining the causes of the Great Depression?

2. Which would you recommend be used to offset the effort of a temporary shock to output – Fiscal or Monetary policy? Why?

3. Evaluate the argument that monetary policy should be determined by a rule rather than discretion? How about fiscal policy?

4. Why is it more useful to look at the ratio of debt to GDP than at the absolute value of the debt?

Class test 3

1. What are the different phases of business cycle? Explain the US Recession of 2008 using the tools of IS – LM model. (3 + 7 = 10)

Answer the following Questions
(1 * 15 = 15 Marks)

1. (a) Write a brief note on the objectives and importance of Macroeconomics. (5 marks)

   (b) What are the major differences between Classical and Keynesian theory of income and output determination? (5 marks)

   (c) Show the AS curve for both Classical and Keynesian and explain why there is a difference between the two AS curves. (5 marks)