

Total No. of Printed Pages—4

2 SEM TDC GE COM (CBCS) 202

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(May)

COMMERCE
(Generic Elective)

Paper : GE-202

(Macroeconomics)

Full Marks : 80

Pass Marks : 32

Time : 3 hours

*The figures in the margin indicate full marks
for the questions*

1. Answer the following as directed : 1×8=8

(a) Mention one use of macroeconomics.

(b) Monetary policy is more effective if

(i) LM curve is flatter

(ii) LM curve is steeper

(iii) Both (i) and (ii)

(Choose the correct option)

(2)

- (c) Mention one factor causing shift in the LM curve.
- (d) Which of the following is not one of the characteristics of open economy?
(i) Flows of goods and capital
(ii) Labour movement
(iii) Foreign direct investment
(iv) Fixed exchange rate for all
(Choose the correct option)
- (e) What do you mean by flexible interest rate?
- (f) What does inventory investment include?
(i) The change in the stocks of materials
(ii) Finished goods within a firm
(iii) Works in process
(iv) All of the above
(Choose the correct option)
- (g) What is portfolio investment?
- (h) Does money supply depend on interest rate?
(i) Yes, money supply and interest rates have an inverse relationship
(ii) Yes, money supply and interest rates have a positive relationship
(iii) None of the above
(Choose the correct option)

(3)

2. Write short notes on any four of the following : 4×4=16
(a) Static macroeconomics
(b) Determinant of aggregate demand
(c) Phillips curve
(d) Exchange rate
(e) Inventory investment

Answer the following questions (within 500 words each) :

3. (a) What are macroeconomic variables? Discuss income, expenditure and circular flow under the concept of macroeconomics. 2+3+3+3=11
Or
(b) Explain the determinants of supply and demand. What are the essential conditions for equilibrium in the context of macroeconomics? 6+5=11
4. (a) Explain the IS-LM framework. How does monetary policy help LM for stabilization? 6+5=11
Or
(b) Discuss briefly the meanings of (i) shifts in aggregate demand in the short run and (ii) shifts in aggregate supply in the long run. 6+5=11

5. (a) What is inflation? What are the causes of inflation? Mention four causes of rising and falling inflation. 1+6+4=11

Or

- (b) Discuss the concept of natural rate of unemployment, frictional and wait unemployment. Give measures to solve unemployment. 3+3+3+2=11

6. (a) Explain the Mundell-Fleming model with fixed and flexible prices in a small open economy. 12

Or

- (b) Discuss the interest rate differentials in case of a large economy.

7. (a) What do you mean by investment? Explain the determinants of residential investment and inventory investment. 2+9=11

Or

- (b) Discuss the portfolio and transactions theories of demand for real balances. 11
