

Name:

Enrolment No:



Name of the Program: B Com (Hons.)

Semester – II

Subject Name : Macro Economics

Max. Marks : 100

Subject Code : ECON1002

Duration: 3 Hrs

This question paper has 2 page(s).

Instructions:

Section A (each carrying 5 marks); **Section B. Attempt any 4 Question** (each carrying 10 marks). **Section C** (carrying 40 marks).

Section A (Attempt all Questions)

		Marks	CO
1.	Briefly Explain the following terms		
a)	Flexible Exchange Rate	[5]	CO1
b)	Stagflation	[5]	CO2
c)	Marginal efficiency of capital	[5]	CO1
d)	Equilibrium	[5]	CO1
SECTION B (Attempt Any Four)			
2.	Explain in detail the IS and LM model. What causes it to shift?	[10]	CO2
3.	Explain in detail the value added method for calculation of GDP	[10]	CO2
4.	Explain in detail the consumption function as explained by Keynes. Also, explain the relevance of Marginal Propensity to consume and autonomous consumption.	[10]	CO2
5.	Explain Keynes's liquidity preference theory of interest with the help of an example.	[10]	CO3
6.	What are the determinants of Investment? Elaborate with suitable examples.	[10]	CO4
SECTION C (Attempt all Questions)			

7.	Explain demand - pull inflation and cost-push inflation. Illustrate your answer with help of diagram.	20	CO1,C O2,CO 3, CO4
8.	<p>“With retail inflation contained within the 4 per cent target, the Reserve Bank of India on Thursday cut the policy repo rate by 25 basis points. This is the second time on the trot that the central bank has cut rates to support growth”</p> <p>Explain how changes in interest rate affect GDP with suitable examples.</p>	20	CO1,C O2,CO 3, CO4

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Section A (Attempt all Questions)

		Marks	CO
1.	Briefly Explain the following terms		
e)	Real Interest Rate	[5]	CO1
f)	Net Income from Abroad	[5]	CO2
g)	Marginal efficiency of capital	[5]	CO1
h)	Equilibrium	[5]	CO1
SECTION B (Attempt Any Four)			
2.	Explain in detail the paradox of saving and wages and the relevance of Macro Economics post U.S depression of 1930.	[10]	CO2
3.	Explain in detail the value added method for calculation of GDP	[10]	CO2
4.	Explain in detail the consumption function as explained by Keynes. Also, explain the relevance of Marginal Propensity to consume and autonomous consumption.	[10]	CO2
5.	Explain Keynes's liquidity preference theory of interest with the help of an example.	[10]	CO3
6.	What are the determinants of Investment? Elaborate with suitable examples.	[10]	CO4
SECTION C (Attempt all Questions)			

7.	Explain demand - pull inflation and cost-push inflation. Illustrate your answer with help of diagram.	20	CO1,C O2,CO 3, CO4
8.	<p>“The six-member Monetary Policy Committee (MPC), headed by RBI Governor Shaktikanta Das, voted to reduce the repo rate by 25 basis points (bps) to 6 per cent from 6.25 per cent earlier. This is the second consequent rate cut and with this development, those shopping around for home loans, car loans are likely to get a cheaper deal soon while the EMIs on some of your existing loans may come down.”</p> <p>Explain how changes in repo rate affect GDP with suitable examples.</p>	20	CO1,C O2,CO 3, CO4