

**BACHELOR OF COMMERCE [HONS]
SECOND SEMESTER [REPEAT]
MACROECONOMICS
BCM – 205A**

**SET
A**

[USE OMR SHEET FOR OBJECTIVE PART]

Duration: 3 hrs.

Full Marks: 70

Time: 30 mins.

(Objective)

Marks: 20

Choose the correct answer from the following:

1 × 20 = 20

- Who is considered as father of modern macroeconomics?
 - Adam Smith
 - Prof. J. M. Keynes
 - Prof. J. N. Keynes
 - Alfred Marshall
- Macroeconomics became popular after _____.
 - Great depression of 1929- 33
 - 1972-73
 - 1996- 97
 - 2006- 07
- What are the tools of macroeconomics?
 - Monetary Policy
 - Fiscal Policy
 - Income Policy
 - All of the above
- What are Capital goods?
 - Goods used for consumption in the production process
 - Goods such as tools, machinery, etc which are used to create final consumer goods
 - Goods and services that are consumed fully when purchased by the consumers
 - None of the above
- The market value of all final goods and services produced within domestic territory of the country during a year is known as _____.
 - GDPMP
 - GDPFC
 - GNPMP
 - GNPFC
- What is the sum total of gross value added of all the firms in the country?
 - Gross Domestic Product
 - Gross National Product
 - Net Domestic Product
 - Net National product
- What is the correct formula for GDP Deflater?
 - Nominal GDP - (minus) Real GDP
 - Nominal GDP + Real GDP
 - Nominal GDP/ Real GDP
 - Real GDP/ Nominal GDP
- A situation when people are engaged in jobs but they do not get these jobs according to their capabilities, efficiency and qualifications, it is called...
 - Employment
 - Full Employment
 - Under Employment
 - Unemployment.

9. The investment which is undertaken independently of the level of income is known as-
 - a. Autonomous Investment
 - b. Induced Investment
 - c. Public Investment
 - d. Private Investment
10. Which of the following statements is true about Say's law?
 - a. It states that supply creates its own demand.
 - b. It states that demand creates its own supply
 - c. It states that total output will always exceed total spending
 - d. It states that consumption spending is the most volatile component of aggregate expenditures.
11. When more workers are engaged in a work than actually required to work, it is called
 - a. Voluntary Unemployment
 - b. Involuntary Unemployment
 - c. Disguised Unemployment
 - d. Frictional Unemployment
12. Who developed the concept of IS- LM model?
 - a. Hicks and Hansen
 - b. J. M. Keynes
 - c. Adam Smith
 - d. None of the above.
13. In monetary terminology, what is called the 'monetary base' or 'high powered money'?
 - a. the total assets of RBI
 - b. the total liability of RBI
 - c. the total debt of the government
 - d. the total foreign exchange of RBI
14. The curve which shows different equilibrium levels of national income with various rates of interest is called
 - a. LM curve,
 - b. IS curve
 - c. Income curve
 - d. None of the above
15. The steepness of IS curve depends on_____.
 - a. the elasticity of investment demand curve;
 - b. the size of the multiplier;
 - c. demand for money
 - d. both a & b
16. LM curve slopes_____.
 - a. downward to the right
 - b. upward to the right
 - c. vertical
 - d. horizontal.
17. The LM curve shifts to the right when the stock of money is
 - a. decreased
 - b. increased
 - c. constant
 - d. none of the above.
18. Depression is characterized by
 - a. unprecedented level of underemployment
 - b. Drastic fall in income
 - c. Drastic fall in output and employment
 - d. All the above
19. The liquidity trap occurs when the demand for money:
 - a. Is perfectly interest elastic
 - b. Is perfectly interest inelastic
 - c. Means that an increase in money supply leads to a fall in the interest rate
 - d. Means that an increase in the money supply leads to an increase in the interest rate

20. According to the Fisher equation of exchange, an increase in the money supply is most likely to lead to inflation if:
- a. The velocity of circulation decreases
 - b. The number of transactions decreases
 - c. There is deflation
 - d. The velocity of circulation and the number of transactions is constant

(Descriptive)

Time : 2 Hr. 30 Mins.

Marks : 50

[Answer question no.1 & any four (4) from the rest]

1. Elaborate cost-push and demand-pull inflation. 10

2. a) What are the different sectors of Macro economics? 4+6=10
b) Explain the distinctions between Micro and Macro economics

3. a) Elaborate three approaches to measure national income. 6+4=10
b) Are national income and welfare go together? Give arguments.

4. a) Discuss the principle effective demand with AD and AS. 4+6=10
b) Why the IS-curve slopes downwards?

5. a) Explain three sector model of circular flow of income. 6+4=10
b) Write a note on the concept of Liquidity Trap.

6. a) Explain Fisher's Quantity theory of money. 6+4=10
b) Explain fixed and flexible exchange rate system.

7. a) What are the main determinants of money supply? 4+6=10
b) Explain various components of Govt. budget.

8. a) What are the different phases of Business Cycle? Explain. 2+4+4=10
b) Explain different canons of Taxation put forwarded by Adam Smith.

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