



BRAINWARE UNIVERSITY

Course – B.Com.

Macroeconomics and Indian Economy (BCM304)

(Semester – 3)

Time allotted: 3 Hours

Full Marks: 70

[The figure in the margin indicates full marks. Candidates are required to give their answers in their own words as far as practicable.]

Group –A

(Multiple Choice Type Question)

1) Choose the correct alternatives for the following: 10 x 1 = 10

- i) Indian Economy in the 1990's shifted from the policy of import substitution to
 a) Export Substitution b) Import Promotion c) Export Promotion d) Closed Economy.
- ii) The distortion in the demand side that leads to the rise in the general price level is known as
 a) Inflexion b) Demand Pull Inflation c) Cost Push Inflation d) None of these
- iii) The rate at which commercial banks borrows money from the RBI is known as the
 a) Repo Rate b) Reverse Repo Rate c) Market rate of Interest d) Inflation rate.
- iv) The main development of higher-yielding varieties of wheat, were developed by Indian geneticist M. S. Swaminathan and American agronomist like
 a) Dr. Norman Borlaug b) Dr John Nash c) Barack Obama d) R K Narayanan.
- v) Speculative demand for Money and market rate of interest are
 a) Directly proportional b) Inversely proportional c) linear d) Convex to the origin
- vi) Consumption is a stable and rising function of
 a) Repo rate b) Discount rate c) Disposable Income d) Internal rate of return.
- vii) The point where a curve changes its curvature is called the point of
 a) Inflexion b) Inflation c) Segmentation Model d) Cost Index Model

viii) Investment and rate of interest are

a) Directly proportional b) Inversely proportional c) linear d) Convex to the origin

ix) When $G < T$ then the budget is called

a) surplus budget b) deficit budget c) balanced budget d) None of these

x) Along the zone of liquidity trap monetary policy becomes

a) effective b) ineffective c) hyperactive d) None of these.

Group – B

(Short Answer Type Question)

Answer any three questions

3 x 5 = 15

2) Given $Y = C + I + G + (X - M)$, $C = a + bY$, $I = 30$, $G = 20$, $X - M = 10$, $C = 100 + .65Y$ Determine the equilibrium level of Y

3) “Green Revolution is often termed as Wheat Revolution.” Explain.

4) State the function of the commercial banks in determining the Money supply in the economy.

5) Derive the consumption function from the savings function graphically.

6) Do you think poverty can be done away with Indian Planning?

Group – C

(Long Answer Type Question)

Answer any three questions

3 x 15 = 45

7)a) Explain the political and economic perspective of the decade of the nineties in the context of the Indian Economy and discuss the causes of the drastic reforms that restructured the economy.

b) Poverty is ingrained with the social matrix of the Indian Economic Structure. Comment on the existence of poverty with respect to various states? (7+8=15)

8)a) The Demand curve for Money is a negatively sloped curve which is asymptomatic towards the baseline. Explain this shape of the Demand curve and show how the cost of credit is determined by the Reserve Bank of India. (7+8=15)

b) Explain the Keynesian Savings Function Find C if $S = -100 + .45Y$ Derive the Savings function and represent it graphically. Comment on the economic status of the country.

- 9) a) Define Inflation and discuss its types. (8+7=15)
- b) In this context explain the ineffectiveness of monetary policy along the zone of liquidity trap.
- 10) Describe in detail the role of the public, commercial bank and the central bank in money supply determination.
- 11) a) Critically discuss the various stages of the business cycle. (10+5=15)
- b) Who are the key players in the money market? Mention their role in money supply determination.