



BRAINWARE UNIVERSITY

Course – M.Com.

Macroeconomics (MCM303)

(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) The condition of an economy characterized by high unemployment and high inflation is called

- a) recession b)stagflation c)Expansion d) Trough

ii) Unemployment and Inflation is measured with the help of

- a) Phillips Curve b) Learning Curve c) Production Possibility Curve d)Indifference

iii) OPEC is a cartel which is the association of the countries of

- a)East Africa b)Latin America
c) South East Asia d)Middle East

iv) Inflation makes

- a) future rupees less valuable than present rupees b)future rupees more valuable than present rupees
c)future rupees equal to present rupees d)None of these

v) The AS (Aggregate Supply) curve is derived from the

- a) labour market or factor market b)commodity market
c) money market. d) both b and c

vi) The AD(Aggregate Demand) curve is derived from the

- a) labour market or factor market b)commodity market
c) money market. d) Both b&c

vii) The government's decision to increase tax rate leads to decrease in

- a) autonomous consumption b) disposable income
c) government expenses d) savings.

viii) Contractionary monetary policy leads to the rise in

- a) interest rate b) inflation rate c) cost of capital d) Present Worth

ix) The excess demand gap in the economy is also known as

- a) recessionary gap b) inflationary gap c) supply demand gap d) Both a&b

x) Transaction demand for money is a rising function of

- a) income b) taxes c) transfer payments d) export.

Group – B

(Short Answer Type Question)

Answer any three questions

3 x 5 = 15

2) What do you understand by demonetization? What are its effects on the Indian economy?

[2+3]

3) What do you understand by the foreign exchange market? Mention the major players in the foreign exchange market.

[2+3]

4) Monetary and Fiscal Policy is ineffective along the zone of the liquidity trap .Explain why.

5) Critically evaluate the role of public sector in the economy.

6) Comment on the shape of the demand curve for money.

Group – C

(Long Answer Type Question)

Answer any three questions

3 x 15 = 45

7) a) The OPEC (Organisation of Petroleum Exporting Countries) of the Middle East determine the price of petroleum per barrel in the world market. How do this rise in the price of petroleum affect Inflation in the Indian Economy?

b) There is a tradeoff between inflation and unemployment. This has been explained with the help of the Phillips curve. Explain the short run and the long run Phillips curve in this context.

[8+7=15]

8) a) What do you understand by the spot market and the forward market?

b) There are three types of transaction in the foreign market. Describe each of these transactions in detail.

[6+9=15]

9) What do you understand by recessionary gap? In your own words give diagrammatic explanation about how the rise in wage rate leads to the change in the position of equilibrium.

[6+9=15]

10) Compare and contrast between the free foreign exchange market and the flexible foreign exchange market.

11) In a three sector model essentially comprising of the household, the business and the government sector derive the rate of change of national income with that of government expenditure ($\Delta Y/\Delta G$) such that government's earning through way of tax (T) is equal to government's expenditure (G).