



**BRAINWARE UNIVERSITY**

**Term End Examination 2018 - 19**

**Programme– Master of Commerce in Banking & Financial Accounting**

**Course Name - Macroeconomics**

**Course Code – 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)

10 x 1 = 10

1. *Choose the correct alternative from the following*
  - (i) Inflation makes
 

a. future rupees less valuable that present rupees	b. future rupees more valuable that present rupees
c. future rupees equal to present rupees	d. None of these
  - (ii) Contractionary monetary policy leads to the rise in
 

a. Present Worth	b. Inflation
c. Cost of Capital	d. Interest Rate
  - (iii) John Keynes was a renowned economist from
 

a. Classical School	b. Neo Modern School
c. Neo Classical School	d. School of New Zealand
  - (iv) 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
  - (v) The value of Balanced Budget Multiplier is
 

a. 3	b. 2
c. 1	d. 3.4

- (vi) The government's decision to increase tax rate leads to decrease in
- a. autonomous consumption
  - b. disposable income
  - c. savings.
  - d. Government expenditure
- (vii) The Phillips Curve is a trade of between unemployment and
- a. inflation
  - b. Wage rate
  - c. depression
  - d. None of these
- (viii) Which one of the following is cultivated by transplanting seedling
- a. maize
  - b. jowar
  - c. onion
  - d. rice
- (ix) The Central Monetary Authority of USA is
- a. RBI
  - b. Bank of Arabia
  - c. Bank of England
  - d. Federal Reserve
- (x) Supply Finds its own demand is the
- a. Okun's Law
  - b. Eullers' Theorem
  - c. L Hospital Rule
  - d. Marshalls' Law

### Group – B

(Short Answer Type Questions)

3 x5 = 15

Answer any *three* from the following

2. Write short note on Phillips Curve. 5
3. Discuss the role of Sustainable Development. 5
4. What do you understand by demonetization? What are its effects on the Indian economy? 5
5. Foreign Sector has an important role in business .In this context mention the recent trends of foreign trade for India. 5
6. State the function of the Central Monetary Authority in determining the Money supply in the economy. 5

**Group – C**

(Long Answer Type Questions)

3x 15 = 45

Answer any *three* from the following

7. (a) Describe the Political and economic scenario of the nineties that led to the structural reforms of the Indian Economy. 9
- (b) There are three types of transaction in the foreign market .Describe each of these transactions in detail. 6
8. (a) Consider the following macroeconomic model and find out the equilibrium level of Y and C from the following. Draw graphically and derive the savings function also. 9
- Given,  $Y=C+I+G+(X-M)$ ,  $C= a+ bY$ ,  $I= 20$  ,  $G= 10$ ,  $X-M=5$ ,  $C=100+.75Y$
- (b) Find S if  $C= 89+.79Y$  Derive the savings function and represent it graphically. 6
9. (a) Labour Unions or Trade Unions are often held responsible for hike in the wages of its members even in the absence of any excess demand in the market. This move causes a shock in the economy. Explain 8
- (b) Inflation is a necessary evil. In this context explain the stabilization policy measures undertaken to correct this necessary evil. 7
10. (a) 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. 5
- (b) Explain the recent trend of tariff war between USA and China. 6
- (c) Derive the value of the Balanced Budget Multiplier in a three sector model. 4
11. (a) Compare and Contrast the Classical and Neo Classical School of thought in the light of the Great Depression of 1930's in America. 8
- (b) Write briefly about the Eight Five Year Plan which was mostly based on deficit financing. 7