



**BRAINWARE UNIVERSITY**

**Term End Examination 2018 - 19**

**Programme –Bachelor of Commerce (Honours) in Banking and Financial Accounting**

**Course Name -Macroeconomics**

**Course Code –BCM203**

(Semester – 2)

**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) The Second Five Year Plan was based on the
 

a. Heavy Industries	b. Shoe Industry
c. Light Industries	d. Garment Industry
  - (ii) The persistent rise in price level due to shocks generated within the demand system is known as
 

a. Demand Pull Inflation	b. Inflexion
c. Segmentation Model	d. Market rate of Interest
  - (iii) The equilibrium level of money supply in an economy is determined in India by
 

a. Bank of Baroda	b. Bank of India
c. Reserve Bank of India	d. Punjab National Bank
  - (iv) Speculative demand for money and rate of interest are
 

a. Directly proportional	b. Convex to the origin
c. Inversely proportional	d. linear
  - (v) A country with high marginal propensity to consume is a
 

a. Average country	b. Poor Country
c. Rich country	d. None of these
  - (vi) The rate of change of consumption with income is known as
 

a. Marginal Propensity to save	b. Marginal propensity to invest
c. Marginal propensity to consume	d. Marginal propensity to import

- (vii) India's Open Economy Model is a result of
- |                  |                        |
|------------------|------------------------|
| a. Globalization | b. Depression          |
| c. Recession     | d. Import Substitution |
- (viii) The lowest point of depression is
- |           |                |
|-----------|----------------|
| a. boom   | b. expansion   |
| c. trough | d. contraction |
- (ix) The Stabilization Policies are ineffective along the zone of
- |                   |               |
|-------------------|---------------|
| a. Recovery       | b. Investment |
| c. Liquidity trap | d. Repo rate  |
- (x) Importers Exporters and Immigrants are important components of the
- |                    |                     |
|--------------------|---------------------|
| a. Money Market    | b. Forex Market     |
| c. Monopoly Market | d. Commodity Market |

**Group – B**

(Short Answer Type Questions)

3 x 5 = 15

Answer any *three* from the following

- |   |   |
|---|---|
| 2. What is the purpose of demonetization that was undertaken in India?        | 5 |
| 3. Why is the demand curve of money negative and asymptotic towards the base? | 5 |
| 4. Describe the contribution of Milton Friedman.                              | 5 |
| 5. Discuss the phase of Recession in the Business Cycle.                      | 5 |
| 6. Write a short note on the third five year Plan.                            | 5 |

**Group – C**

(Long Answer Type Questions)

3 x 15 = 45

Answer any *three* from the following

- |  |   |
|--|---|
| 7. (a) Comment on the reserve deposit ratio of the banking system.   | 8 |
| (b) The monopoly power of the factor owners is responsible for the hike in the price of petroleum. Explain | 7 |
| 8. (a) If $C=234 +.68Y$ then derive the savings function.  | 8 |
| (b) Graphically demonstrate the consumption function.  | 7 |
| 9. (a) Illustrate the types of Foreign Exchange System.  | 8 |
| (b) How is exchange rate determined in the Forex Market?   | 7 |

- |     |     |  |   |
|-----|-----|--|---|
| 10. | (a) | Critically evaluate the situation of India in the decade of the sixties.                                       | 8 |
|     | (b) | Describe the IS LM equilibrium.  | 4 |
|     | (c) | Mention the short run and the long run adjustment in demand pull inflation.                                    | 3 |
| 11. | (a) | Comment on the role of the Central Monetary Authority of the India.  | 4 |
|     | (b) | Define Inflation and its types.  | 3 |
|     | (c) | One of the principal causes of weakness in Industrial growth is the neglect of comparative advantage. Explain. | 4 |
|     | (d) | Evaluate the factors that led to decelerated Industrial Development in India.                                  | 4 |
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