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2 SEM TDC GE COM (CBCS) 202

2026

(May/June)

COMMERCE

(Generic Elective)

Paper : GE–202

(Macroeconomics)

Full Marks : 80
Pass Marks : 32

Time : 3 hours

The figures in the margin indicate full marks for the questions.

1. Answer the following as directed : 1×8=8

   (a) Which of the following is the correct formula of Aggregate expenditure?

   (i) $AE = C + I + G$

   (ii) $AE = C + I + G + (X - M)$

   (iii) $AE = C + S + T$

   (iv) $AE = C + I + G + X$

   (Choose the correct option)

(b) Who coined the term 'macroeconomics'?

(c) Define frictional unemployment.

(d) M_1 is narrow money.
(Write True or False)

(e) What is fixed exchange rate?

(f) What is inventory investment?

(g) Money supply in India is determined by RBI. (Write True or False)

(h) Mention one determinant of residential investment.

2. Answer short notes on any *four* of the following : 4×4=16

(a) Static macroeconomic analysis

(b) Instruments of monetary policy

(c) Rational expectations

(d) Social cost of inflation

(e) Income elasticities of demand for real balances

Answer the following questions (**within 500 words** each) :

3. (a) Explain with the help of diagram the circular flow of income in a three-sector economy model. Discuss the impact of injection and withdrawal in the model. 7+4=11

Or

(b) What do you mean by Macroeconomic analysis? Explain diagrammatically static macroeconomic analysis in the long run. 4+7=11

4. (a) What is the IS-LM framework? Explain how equilibrium is determined in this framework. 4+7=11

Or

(b) What do you mean by fiscal policy and monetary policy? Discuss the instruments of monetary and fiscal policies. 6+5=11

5. (a) What do you mean by inflation? What are the different types of inflation? Discuss the various measures to control inflation. 2+5+4=11

Or

(b) "Phillip's curve explains the trade-off between inflation and unemployment." Explain the concept of Philip's curve with the help of a diagram. 11

6. (a) Distinguish between fixed and flexible exchange rate. Discuss the merits and demerits of fixed exchange rate. 4+7=11

Or

(b) What do you mean by open economy? Explain the flows of goods and capital as well as saving and investment in an open economy. 4+7=11

7. (a) Explain the determinants of residential investment and inventory investment. Discuss the effect of tax on investment. 5+5+2=12

Or

(b) Compare transactions and portfolio theories of demand for real balances with respect to demand for money. 12

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