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2 SEM TDC GE COM (CBCS) 202

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(May)

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) From which word is the term 'macroeconomics' derived?
- (b) Which of the following is not a component of Aggregate Expenditure?
- (i) Consumption (C)
 - (ii) Investment (I)
 - (iii) Government Expenditure (G)
 - (iv) Saving (S)

(Choose the correct option)

(2)

(c) Autonomous consumption depends on disposable income.

(Write True or False)

(d) Define natural rate of unemployment.

(e) Phillips curve shows the trade off between _____ and _____.

(Fill in the blanks)

(f) What is flexible exchange rate?

(g) Mention one determinant of residential investment.

(h) Money supply and interest rates have an inverse relationship.

(Write True or False)

2. Write short notes on any *four* of the following : $4 \times 4 = 16$

(a) Conditions of macroeconomic equilibrium

(b) Changes in fiscal policy and the IS curve

(c) Causes of inflation

(d) Concept of stagflation

(e) Supply of money

(3)

Answer the following questions (within 500 words each) :

3. (a) Distinguish between microeconomics and macroeconomics. Explain the circular flow of income in a four-sector economy. $4+7=11$

Or

(b) Briefly discuss the determinants of supply. Explain static macroeconomic analysis in the short run with the help of a diagram. $4+7=11$

4. (a) What is monetary policy? Explain, in the IS-LM framework, how monetary policy stabilizes the economy. $3+8=11$

Or

(b) Distinguish between aggregate demand and aggregate supply. Explain the factors that shift the aggregate demand curve. $6+5=11$

5. (a) Elucidate the concept of inflationary gap. What are the social costs of inflation? Also, discuss the relation between inflation and interest rates. $3+4+4=11$

Or

(b) Explain the theory of Phillips curve with the help of diagram with special focus on short-run and long-run implications. 11

6. (a) Explain how the flow of goods and capital, and saving and investment work in a large open economy. 11

Or

(b) Explain the Mundell-Fleming model with flexible prices in a small open economy.

7. (a) What is investment? Discuss the determinants of business fixed investment. Also, distinguish between residential investment and inventory investment. 2+5+5=12

Or

(b) What do you understand by demand for money? Discuss how interest and income elasticities of demand for real balances are different from portfolio and transaction theories of demand for real balances. 3+9=12

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