

(Please write your Exam Roll No.)

Exam Roll No. 40190388818.....

END TERM EXAMINATION

SECOND SEMESTER [B.COM(HONS.)] MAY - JUNE 2019

Paper Code: B.COM-106

Subject: Macro Economics

Time: 3 Hours

Maximum Marks: 75

Note: Attempt any five questions. All questions carry equal marks.

- Q1 (a) Discuss critically GDP as a measure of economic welfare.
(b) Why do economists use real GDP rather than nominal GDP to gauge economic well-being?
- Q2 Discuss the circular flow of Income in 2, 3 and 4 sector Economy. State the importance of Government in ensuring the smooth flow of goods and services.
- Q3 Trace out the effect of an increase in autonomous expenditure on equilibrium output in simple Keynesian model. What happens to equilibrium income if MPC rises or falls?
- Q4 What is multiplier? How does it work in an economy? Explain why an increase in government spending has a greater multiplier effect on equilibrium output compared to an equal reduction in taxes.
- Q5 Define Money. What are its functions? Discuss Fisher's version of Quantity Theory of Money.
- Q6 What is the meaning of Inflation? What are its types? Discuss various measures to control inflation in an economy.
- Q7 What are the tools used to implement the monetary policy? Explain how the tightening of monetary policy leads to fall in the money stock of the economy.
- Q8 Describe the IS and LM curves. How can these be used to derive the Aggregate Demand Curve?

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