

2018

COMMERCE

Paper : CC-102

(Macroeconomics and Business Environment)

Full Marks : 40

*The figures in the margin indicate full marks.*

*Candidates are required to give their answers in their own words  
as far as practicable.*

Module : I

Answer *any two* questions

1. (a) Distinguish between GNP and GDP.  
(b) Derive the basic GNP identity and explain it.  
(c) How can you get national income from GNP? 2+6+2
2. What is a multiplier? Derive the govt. expenditure multiplier for a closed economy. Let  $MPC = 0.9$  and increased govt. expenditure be ₹ 80 crores. Find out the increased equilibrium income. 2+4+4
3. Define a LM curve for a closed economy. Derive the slope of LM curve. What happens to the LM curve when money demand is completely interest inelastic? 3+3+4
4. Write short notes on (*any two*) : 5+5
  - (a) Paradox of thrift
  - (b) Mundell-Fleming Model
  - (c) Circular flow of income.

Module : II

Answer *any two* questions

5. (a) Briefly discuss the Long run Phillips curve with special reference to natural rate of unemployment.  
(b) What are the anti-inflationary policies of central government? 5+5

**Please Turn Over**

6. (a) Explain the condition of steady state in Solow growth model with capital accumulation.  
(b) What do you mean by golden rule level of capital in this model?  
(c) How is the steady state condition changed if there is technical progress? 5+3+2
7. (a) Briefly discuss the major changes in sectoral composition of India's national income since independence.  
(b) Do you think these changes are growth driving? 7+3
8. Compare two options of foreign inflow in India, FDI and FII. 10
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