

2025

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 nominal GNP and real GNP.  
(b) "GNP can be used as a good index of economic welfare."— Justify the statement.  
(c) Suppose GNP is ₹ 2,400; Gross Investment is ₹ 400; Net Investment is ₹ 150; Consumption expenditure is ₹ 1,500; and Government purchase is ₹ 480.  
Find out the Depreciation, NNP and Net Export. 3+4+3
2. Write short notes on (*any two*) : 5×2
  - (a) Circular Flow of Income
  - (b) Liquidity Trap
  - (c) Planned vs Unplanned Investment
  - (d) Partial Crowding Out vs Full Crowding Out.
3. (a) "A rise in personal savings may reduce aggregate income and aggregate savings."— Justify the statement.  
(b) In a Simple Keynesian Model, show that the value of Balanced Budget Multiplier is equal to unity.  
(c) Let a savings function is given by  $S = 0.5 Y - 50$ . Derive the consumption function and draw it, where S and Y have their usual meaning. 5+3+2
4. (a) Define fiscal policy.  
(b) In an economy with fixed exchange rate and perfect capital mobility, show that fiscal policy is much more effective than the monetary policy. 2+8

Please Turn Over

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**Module - II**

Answer *any two* questions.

5. (a) What is inflationary gap?  
(b) Explain what is meant by 'stagflation'.  
(c) Discuss the policies that are taken to control inflation. 3+3+4
6. (a) Compare the IRR and NPV method of Capital Budgeting.  
(b) Which one is a better metric of Capital Budgeting and why? Explain. 5+5
7. (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? What will be the condition of Golden rule level of Capital in this model?  
(c) How is the Steady State condition changed if there is population growth? 4+3+3
8. Discuss the changing role of FDI in the context of India's business environment. 10
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