

Vidya Vikas Mandal's  
Shree Damodar College of Commerce & Economics, Margao-Goa  
SY B.Com, Semester-III, Semester End Examination, October 2019  
Macroeconomics (GE 4)

Duration: 2hrs

Max Marks: 80

**Instructions:**

- 1) Start each question on fresh page.
- 2) Figures to the right indicate maximum marks.
- 3) Answers to sub-questions for Q.1 to Q.2 should be approximately 100 words.
- 4) Answers to sub questions Q.3 to Q.6 should be approximately 400 words each.
- 5) Draw neat diagram wherever necessary.

Q.1. Answer **any four** of the following: (4X4=16 Marks)

- (a) Explain any two components of aggregate expenditure.
- (b) Explain any two determinants of supply under static macroeconomic analysis.
- (c) What is aggregate supply?
- (d) What is inflation?
- (e) Explain the concept of structural unemployment.
- (f) What is social cost of inflation?

Q.2. Answer **any four** of the following: (4X4=16 Marks)

- (a) Explain the concept of flexible exchange rate.
- (b) What is meant by interest rate differentials?
- (c) Explain the determinants of net capital outflow.
- (d) Explain the concept of residential investment.
- (e) Explain any two motives of demand for money.
- (f) Distinguish between autonomous investment and induced investment.

Q.3.A. Explain the shifts in the aggregate supply curve in the short and long run. (12 Marks)

**OR**

B. Explain the reasons for downward sloping aggregate demand curve. (12 Marks)

Q.4.A. Diagrammatically explain the causes of inflation. (12 Marks)

**OR**

B. Write a note on natural rate of unemployment. (12 Marks)

Q.5.A. Explain the impact of expansionary monetary and fiscal policy on perfect capital mobility under flexible exchange rates in Mundell-Fleming model. (12 Marks)

**OR**

B. Explain the international flows of capital and goods in a small and large open economy. (12 Marks)

Q.6.A. Explain the transactions theories of money demand. (12 Marks)

**OR**

B. What is business fixed investment? Explain the determinants of business fixed investment. (12 Marks)

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