

Roll No



**PRESIDENCY UNIVERSITY
BENGALURU**

**SCHOOL OF COMMERCE
END TERM EXAMINATION - JUN 2023**

Semester : Semester II - 2022

Course Code : BSE1016

Course Name : Sem II - BSE1016 - Macroeconomic Theory

Program : BSE

Date : 14-JUN-2023

Time : 1.00PM - 4.00PM

Max Marks : 100

Weightage : 50%

Instructions:

- (i) Read all questions carefully and answer accordingly.
- (ii) Question paper consists of 3 parts.
- (iii) Scientific and non-programmable calculator are permitted.
- (iv) Do not write any information on the question paper other than Roll Number.

PART A

ANSWER ALL THE QUESTIONS

(10 X 2 = 20M)

1. Who argued that supply creates its own demand?
(CO1) [Knowledge]
2. The shape of IS curve is.
(CO2) [Knowledge]
3. Demand pull inflation is demand side concept and cost push inflation is supply side concept. (true or false).
(CO4) [Comprehension]
4. According to classical economics, investment depends on rate of interest only, whereas Keynes argued that Investment not only depends on rate of interest but also on _____ .
(CO3) [Comprehension]
5. In developed economies, at boom phase real GDP is equal to _____ GDP.
(CO3) [Knowledge]
6. If the value of multiplier is high, then the shape of IS curve is _____ .
(CO4) [Comprehension]
7. The shape of Investment curve is.
(CO2) [Knowledge]
8. Business cycle is also known as.
(CO2) [Comprehension]
9. IS curve shows the relationship between _____ .
(CO3) [Comprehension]

10. LM curve represents _____ market.

(CO2) [Knowledge]

PART B

ANSWER ALL THE QUESTIONS

(4 X 10 = 40M)

11. Explain the term business cycle. Elaborate on the various phases of the business cycle with the help of a suitable diagram.

(CO4) [Comprehension]

12. Define Inflation. Using labelled diagrams, explain the 2 types of inflation.

(CO3) [Comprehension]

13. Inflation is considered one of the most important macroeconomic variables because of its positive and negative impacts on the economy. If the RBI keeps the inflation rate within the target band, then it will strengthen the economy, whereas if the inflation rate crosses the target band, then it will have a detrimental impact on the economy. In this regard, explain the causes and effects of inflation on the Indian economy.

(CO3) [Comprehension]

14. Elaborate on the psychological law of consumption. Highlights the factors influencing the consumption function.

(CO2) [Comprehension]

PART C

ANSWER ALL THE QUESTIONS

(2 X 20 = 40M)

15. Elucidate the Keynesian theory of income and employment by using appropriate diagrams.

(CO3) [Application]

16. "Economists and policymakers argued that to control business cycle fluctuations, coordination between fiscal policy and monetary policy is required". Explain the statement.

(CO2) [Comprehension]