

[This question paper contains 2 printed pages.]

Sr. No. of Question Paper : 6064

Your Roll No.....

Unique Paper Code : 248301

Name of the Paper : Macroeconomics – I

Name of the Course : **B.A. (Hons.) Business Economics, 2016**

Semester : III

Duration : 3 Hours

Maximum Marks : 75

Instructions for Candidates

1. Write your Roll No. on the top immediately on receipt of this question paper.
2. Attempt any **five** questions.
3. Attempt **all** the parts of a question together.

1. (a) What is CPI ? Does an increase in the CPI always indicate an increase in the consumer's cost of living ? (8)
(b) Explain the various components of the final demand for goods. (7)
2. Fiscal contraction and monetary expansion affect both the rate of interest and income in the economy. Elaborate using suitable diagrams. (15)
3. How does monetary expansion affect the price level, output level and the rate of interest in an economy both in the short and medium run ? (15)
4. Natural rate of unemployment is affected by both unemployment benefits and mark up. Use suitable diagram to elaborate the statement. (15)

P.T.O.

5. How are inflation, output and unemployment linked to each other? (15)
6. How does Real Business cycle theory explain fluctuations in output and employment? (15)
7. Write short notes on any **two**: (7.5+7.5)
- (i) Money supply control by central bank through its open market operations
 - (ii) Sacrifice ratio
 - (iii) The statement : "Inflation is a monetary phenomenon".