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(May–June)

FYUP : 2nd Semester Examination

ECONOMICS

(Major)

(Macroeconomics—I)

(ECO–150)

Marks : 75

Time : 3 hours

The figures in the margin indicate full marks for the questions

Answer **five** questions, taking at least **one** from each Unit

UNIT—I

1. Define national income. What are the various methods of measurement of national income? Critically discuss the method that is widely being used in India.   2+6+7=15

2. Critically examine the four-sector model of circular flow of income.   15

3. What is green accounting? What is the rationale for green accounting? Discuss its limitations. 4+6+5=15

UNIT—II

4. Discuss the principle of effective demand and its role in determining equilibrium employment level in the Keynesian framework. 15

5. (a) Explain the attributes of the consumption function.

(b) What measures can be used to raise the propensity to consume?

(c) Calculate APC and MPC from the following data :

Income (Y)	Consumption (C)
100	120
150	160
200	200
250	240
300	280

6+5+4=15

6. (a) What is investment multiplier? Calculate the values of the multiplier when MPC = 0·5 and 0·8. 3+2+2=7

(Continued)

(b) Explain the concept of marginal efficiency of investment. 8

UNIT—III

7. Critically discuss Fisher's quantity theory of money. 15

8. Discuss the types of monetary policy adopted by the central bank to deal with inflation. What are its limitations? 9+6=15

9. *(a)* "There exists a trade-off between inflation and unemployment." Explain.

   (b) Discuss the important policy implications of the Phillips curve. 9+6=15

UNIT—IV

10. Critically discuss the innovations theory of trade cycle. 15

11. *(a)* Distinguish between balance of trade and balance of payments.

    (b) Balance of payments is always in equilibrium. Explain. 5+10=15

(Turn Over)

12. What are the causes of disequilibrium in the balance of payments? Suggest measures to correct a deficit in the balance of payments.

5+10=15

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