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(May–June)

FYUP : 2nd Semester Examination

ECONOMICS

(Minor)

(**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. *(a)* Define National Income. Differentiate between GNP at market price and GDP at market price. 2+4=6

   (b) Differentiate between Personal Income and Disposable Personal Income. 4

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(c) Define per capita income. Can it be considered to be a good indicator of a country's economic performance? Give reasons.   2+3=5

2. Explain the circular flow of income and expenditure in a two-sector model. Explain how savings and investment affect the circular flow. Illustrate how it expands with the addition of government sector and foreign sector.   5+5+5=15

3. Briefly explain different methods of measuring national income. Discuss the limitations and challenges in measuring national income.   6+9=15

UNIT—II

4. Discuss the Keynesian theory of income and employment. What are its limitations?

    10+5=15

5. Explain the concept of consumption function and saving function. Examine the saving-investment equality in equilibrium and its implications.   8+7=15

6. *(a)* What is an investment multiplier? How does a multiplier work?   3+7=10

    (Continued)

(b) Briefly explain the concept of accelerator. 5

UNIT—III

7. Discuss the various functions of money. 15

8. Define unemployment. Explain the different types of unemployment. 3+12=15

9. How does Phillips curve explain the trade-off between unemployment and inflation? Discuss its policy implication. 10+5=15

UNIT—IV

10. What is a trade cycle? Describe the various phases of a trade cycle. 3+12=15

11. Critically examine Schumpeter's theory of innovation as an explanation of economic fluctuations. 15

12. What are the causes of disequilibrium in the Balance of Payments? Discuss the measures to eliminate the disequilibrium in the balance of payments. 7+8=15

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