

Major II

ECONOMICS

Macroeconomics I (ECO-201)

Instructions:

- (i) All questions are compulsory
- (ii) Use of a simple calculator is permitted.

DURATION: 2 HOURS

TOTAL MARKS: 80 MARKS

Q.1 Answer the following in about 50 words each:

8 x 2 Marks=16

- I. Define Gross Domestic Product.
- II. List any two limitations of the concept of GDP.
- III. List the determinants of consumption.
- IV. Define the marginal propensity to consume
- V. Define disposable income.
- VI. List any two factors determining investment.
- VII. Define Money.
- VIII. List any two functions of money.

Q.2 A) Answer the following in about 200 words:

6 Marks

Compare the Expenditure and Income approaches to calculate GDP.

OR

Q.2 A) Answer the following in about 200 words:

6 Marks

Explain the consumption function using a diagram.

Q.2 B) Answer the following in about 200 words:

6 Marks

Explain the meaning of Inflation in an economy.

Q.2 C) Answer the following in about 100 words:

4 Marks

Differentiate between Real and Nominal GDP.

Q.3 A) Answer the following in about 200 words:

6 Marks

In a two-sector economy, if the Consumption function $C = 20 + 0.6Y$ and Investment is given by $I = 20$, Determine the a) savings function, b) investment multiplier, and c) equilibrium national income.

OR

Q.3A) Answer the following in about 200 words:

6 Marks

Illustrate the determination of equilibrium output in a three-sector Keynesian model using a diagram.

Q.3B) Answer the following in about 200 words: **6 Marks**

Discuss the concept of Unemployment in an economy.

Q.3C) Answer the following in about 100 words: **4 Marks**

Differentiate between fiscal and monetary policy.

Q.4 A) Answer the following in about 200 words: **6 Marks**

Critically evaluate the impact of an expansionary fiscal policy on an economy's equilibrium.

OR

Q.4 A) Answer the following in about 200 words: **6 Marks**

Critically evaluate the role of a monetary policy in managing employment.

Q.4 B) Answer the following in about 200 words: **6 Marks**

Critically evaluate the functions of the Reserve Bank of India.

Q.4 C) Answer the following in about 100 words: **4 Marks**

Determine the values for APC and MPC using the table below:

Y	C
100	70
200	150
300	200
400	280
500	350

Q.5 A) Answer the following in about 200 words: **6 Marks**

Critically discuss the instruments of monetary policy.

OR

Q.5 A) Answer the following in about 200 words: **6 Marks**

Discuss the process of credit creation.

Q.5 B) Answer the following in about 200 words: **6 Marks**

Discuss the saving-investment approach to income determination in a two-sector Keynesian model.

Q.5 C) Answer the following in about 100 words: **4 Marks**

In an economy, government expenditure increases by ₹ 100 crore, and MPC is 0.6. Calculate the value of the government spending multiplier and the increase in national income.

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