

M.E.S. VASANT JOSHI COLLEGE OF ARTS & COMMERCE, ZUARINAGAR, GOA

(NEP) B.A. III SEMESTER END ASSESSMENT, October/November 2024

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. State any two methods of calculating GDP.
- II. List any two limitations of the concept of GDP.
- III. Define the marginal propensity to save
- IV. State the meaning of a fiscal policy.
- V. State the meaning of disposable income.
- VI. Define Credit.
- VII. State the meaning of a consumption function.
- VIII. List any two instruments of monetary policy.

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

6 Marks

Discuss the limitations of the concept of GDP.

OR

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

6 Marks

Explain the concepts of Real and Nominal GDP.

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

6 Marks

Explain the concept of unemployment in an economy.

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

4 Marks

Explain the savings function using an example.

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

6 Marks

In a two-sector economy, if the Consumption function $C = 50 + 0.7Y$ and Investment is given by $I = 30$, Determine the a) marginal propensity to consume and marginal propensity to save, 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 two-sector Keynesian model using a diagram.

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

6 Marks

Discuss the investment function.

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

4 Marks

In an economy, government expenditure increases by ₹ 50 crore, and MPC is 0.8. Calculate the value of the government spending multiplier and the increase in national income.

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

6 Marks

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

OR

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

6 Marks

Critically evaluate the impact of monetary policies on an economy's equilibrium.

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

6 Marks

Critically evaluate the process of credit creation.

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	60
200	120
300	200
400	300
500	380

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

6 Marks

Critically discuss the RBI indices of Money supply

OR

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

6 Marks

Discuss the working of the investment multiplier in a two-sector model with a suitable example.

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

6 Marks

Discuss the functions of the Reserve Bank of India

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

4 Marks

If the RBI changes the minimum reserve ratio for commercial banks from 10 percent to 20 percent, determine the impact on money supply using the money multiplier.

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