

2025

(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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(Turn Over)

(2)

- (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

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(Continued)

(3)

- (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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