

Seat No. : _____

AL-109

April-2023

Integrated B.Com., Sem.-II

IL-110 : Principles of Economics – II (Macro)

Time : 2:30 Hours]

[Max. Marks : 70

1. What is Macro Economics ? What is its scope ? What are its limitations ? **18**

OR

- (a) What are the conceptual and practical difficulties in measurement of National Income ? **10**
- (b) Give the meanings of 8 variants of National Income (GDP_{MP} , GDP_{FC} , GNP_{MP} , GNP_{FC} , NDP_{MP} , NDP_{FC} , NNP_{MP} , NNP_{FC}). **8**

2. (a) What is Keynesian Multiplier ? How Keynesian approach for the Real Market equilibrium of the economy differs from the Classical approach ? **10**
- (b) What are the three motives of Demand for Money ? Discuss them. Show the total demand for money as a function of interest rate by way of Liquidity Preference Curve. **8**

OR

Explain in detail about Consumption function (Along with its graph), $AD = C + I$ function (Along with the graph), Break even level of income ($Y = C$) by way of graph and Real Market equilibrium ($Y = AD$) by showing the interaction of $Y = Y 45^\circ$ line with AD line. How the AD line will shift if the current equilibrium level is increased to make it equal to Full Employment level ? **18**

3. What is Money ? Explain the functions of money in detail. **18**

OR

- (a) Discuss various types of Inflation in detail. **10**
- (b) Discuss various phases of Business Cycles in detail. **8**

4. (a) Short notes (Any **two** out of **four**) **10**
- (1) Difference between Balance of Trade and Balance of Payment
- (2) Three methods or approaches of calculation of National Income
- (3) Limitations of Monetary Policy
- (4) Comparison or Difference between Quantitative (General) and Qualitative (Selective) Credit Control Measures of Monetary Policy

(b) MCQs :

- (1) Which of the following is incorrect ?
 - (a) Marginal Propensity to Save = S/Y
 - (b) $MPC + MPS = 1$
 - (c) Greater the MPS, lower the value of Keynesian multiplier,
 - (d) Slope of Consumption function and Saving function both are positive.
- (2) Which of the following is correct about the demand for money ?
 - (a) Transaction demand for money is a positive function of interest rate.
 - (b) Precautionary demand for money is a negative function of income,
 - (c) Speculative demand for money is a positive function of income,
 - (d) Speculative demand for money is a negative function of interest rate.
- (3) Which of the following is not the qualitative tool of monetary policy ?
 - (a) Rationing of credit
 - (b) Moral persuasion
 - (c) Open Market Operations
 - (d) Direct action
- (4) Stagflation means
 - (a) High rate of Inflation accompanied by sound economic growth
 - (b) High rate of Inflation accompanied by high rate of Unemployment
 - (c) Stagnation in the economy accompanied by Deflation
 - (d) Reduction in Aggregated Demand accompanied by Increase in Aggregate Supply
- (5) As per Monetarist's view as propounded by Friedman, money supply includes
 - (a) Time deposits which are not chequable
 - (b) All financial assets which are liquid
 - (c) Available facilities to borrow money as well
 - (d) None of the above but only narrow money
- (6) Which of the following is not the part of the Current Account ?
 - (a) Export and Import of Merchandize
 - (b) Export and Import of Invisibles
 - (c) FDI and FII inflows and outflows
 - (d) Unilateral Transfers across borders