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( July )

ECONOMICS

( Elective/Honours )

( **Macroeconomics** )

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. Briefly explain different methods of measuring National Income. What are the difficulties encountered in the estimation of National Income? 9+6=15
2. Explain the circular flow of income in a four-sector model. What are the leakages that are possible in such a model? 12+3=15

UNIT—II

3. Explain the concepts of multiplier and accelerator. State the important assumptions and leakages of a multiplier. 6+5+4=15
4. (a) What is consumption function?  
(b) Distinguish between APC and MPC with suitable illustrations.  
(c) Explain how to compute multiplier given MPC 0.6. What is the range of multiplier? 4+5+(4+2)=15

UNIT—III

5. How do commercial banks create credit? State the limitations that affect credit creation. 10+5=15
6. Briefly explain different types of inflation. Discuss the measures to control inflation. 8+7=15

UNIT—IV

7. What do you mean by a business cycle? Explain Hayek's theory of business cycle. 5+10=15

( 3 )

8. Distinguish between Balance of Payments and Balance of Trade. What are the causes of disequilibrium in the Balance of Payments? Give suggestions to correct unfavourable Balance of Payments. 4+6+5=15

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