

The Assam Royal Global University
Royal School of Humanities and Social Science
End Semester Examination, December, 2018

MA in Economics
1st Semester
Macro Economics-I
Subject Code: **ECO184C102**

Full Marks- 70

Time- 3 hours

The figures in the margin indicate full marks for the questions

Section – A

Q.1. Answer all questions (Within 50 words)

2 x 8 = 16

- Define national disposable income.
- Distinguish between GDP at market price and GNP at market price.
- State the Keynesian Psychological law of consumption.
- Distinguish between autonomous and induced investment.
- State the basic difference between narrow and broad money.
- What is the relation between budget deficit and money supply?
- “Transaction and Precautionary demand for money is income elastic in nature.”- Explain.
- Define the term ‘velocity of circulation’.

Section – B

Q.2. Answer the following:

Explain Income and Expenditure methods of measuring national income with their limitations.

6+6=12

OR

Explain the Principle of effective demand. Also give its importance.

8+4=12

Q.3. Answer any two of the following:

Critically explain the life cycle consumption hypothesis.

4+10=14

Or

Explain the concept of super-multiplier. Describe its working in an open economy.

14

Q.4. Answer the following:

What is money multiplier? Discuss the relationship between high powered money and money multiplier. 14

Define money supply. Explain the various components of money supply. 14

Q.5. Answer the following:

Critically explain the Cambridge version of demand for money. 14

Or

Critically examine Fisher's cash transaction version of demand for money. 14

Section - B

Q.2. Answer the following:

Explain Income and Expenditure methods of measuring national income with their limitations. 14

OR

Explain the principle of effective demand. Also give its importance. 14

Q.3. Answer any two of the following:

Critically explain the role of the consumption propensity. 14

OR

Explain the concept of capital multiplier. Describe its working in an open economy. 14