2 0 1 6

(April)

ECONOMICS

(Elective/Honours)

SECOND PAPER

(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 difficulties do developing countries face in the calculation of national income? 9+6=15

2. Illustrate and 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. What is effective demand? Explain how aggregate demand and aggregate supply determine the level of employment. 3+12=15

4. Explain consumption function.

   Distinguish between—

   (a) average propensity to consume (APC) and marginal propensity to consume (MPC);

   (b) average propensity to save (APS) and marginal propensity to save (MPS).

   Prove that—

   (i) APC + APS = 1;

   (ii) MPC + MPS = 1. 3+(4+4)+4=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

(Continued)

UNIT—IV

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

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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2 0 1 7

(April)

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. Define National Income. Distinguish between
   (a) GNP and NNP and *(b)* personal income
   and disposable income.   5+5+5=15

2. What is green accounting? What are the
   objectives of green accounting? List the
   number of problems beset in the SEEA
   method of calculating Green NDP.   3+6+6=15

UNIT—II

3. Explain the classical theory of employment.   15

4. Explain the concept of multiplier. State the important assumptions and leakages of multiplier.   6+5+4=15

UNIT—III

5. (a) Explain the various components of money supply in a country.

   (b) Discuss the various motives for acquiring cash balances according to Keynes.   8+7=15

6. How far is the cash balance approach superior to the cash transaction approach to the value of money? What are its short-comings?   10+5=15

UNIT—IV

7. Critically examine Hawtrey's monetary theory of trade cycle. Is expansion and contraction of bank credit the sole cause of business cycle?   12+3=15

8. (a) Describe the structure of balance of payments of a country.

   (b) "Balance of payments always balances." Comment.   8+7=15

★ ★ ★

2 0 1 7

(April)

COMMERCE

(Honours)

(Business Economics)

(BC–201)

Marks : 75

Time : 3 hours

The figures in the margin indicate full marks
for the questions

1. Define business economics and highlight its importance to a business firm. Do you need to have knowledge of other allied subjects to use it more effectively? Explain.   2+3+10=15

Or

Write a note on the role and responsibilities of a managerial economist in business. 7+8=15

2. Define elasticity of demand. State different degrees of price elasticity of demand. Explain how price elasticity of demand can be measured by total expenditure method.

2+6+7=15

Or

What is indifference curve? What are its properties? Explain how a consumer attains equilibrium in terms of indifference curve technique. 2+5+8=15

3. Define production function. Discuss the three stages of short-run production function with suitable diagram. 3+12=15

Or

Distinguish between returns to a factor and returns to scale. Show that—

(a) $MRTS_{xy}$ = slope of the isoquant;

(b) no two isoquants can intersect each other. 5+5+5=15

4. Discuss the concepts of Total Cost (TC), Average Cost (AC) and Marginal Cost (MC) with illustration. Graphically show the relationship between AC and MC. 9+6=15

Or

Bring out a clear distinction between fixed cost and variable cost. Explain why the short-run AC curve is U-shaped whereas the long-run AC curve is invariably flatter. 5+5+5=15

5. When do we say the market is perfectly competitive? Discuss the short-run equilibrium of the firm under perfect competition. 5+10=15

Or

What is meant by price discrimination? Explain the conditions under which price discrimination is possible. 5+10=15

★★★

2 0 1 8

(April)

ECONOMICS

(Elective/Honours)

(Development and Environmental Economics)

Marks : 75

Time : 3 hours

The figures in the margin indicate full marks for the questions

Answer **five** questions, taking one from each Unit

UNIT—I

1. Distinguish between economic development and economic growth. Discuss the factors responsible for promoting economic growth in LDCs. 5+10=15

2. How do you measure economic development? What are different indicators of economic development of a country? Is the human development index a good measure of development? Illustrate. 4+5+6=15

(*Turn Over*)

UNIT—II

3. Discuss the Marxist model of economic development. How relevant is this model to the contemporary economies of developing countries? 10+5=15

4. Explain Hirschman's doctrine of unbalanced growth strategy of economic development. What are the linkage effects of unbalanced growth? How do they fit into unbalanced growth theory? 8+3+4=15

UNIT—III

5. Explain how international trade is an engine of economic growth. State any five benefits of international trade. 10+5=15

6. What are the main objectives of IMF? Point out its main functions. Discuss major beneficial effects enjoyed by India from IMF. 4+4+7=15

UNIT—IV

7. Review the linkages between environment and economy. Is there really a trade-off between environmental protection and economic prosperity? Explain. 7+8=15

(3)

8. What do you understand by sustainable development? How can this be achieved? What are the indicators of sustainable development? 4+6+5=15

UNIT—V

9. What are externalities? Explain negative and positive externalities. To what extent externalities are responsible for market failure? 3+4+8=15

10. Define environment as a source of public good. Discuss various measures which help to prevent and control environmental pollution. 5+10=15

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2 0 1 8

(April)

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. Distinguish between national income at market price and national income at factor cost. How do you measure national income by the income and expenditure methods?

   3+12=15

2. Explain the circular flow of income in a four-sector economy.

   15

(*Turn Over*)

UNIT—II

3. Critically discuss the Keynesian theory of income and employment. 15

4. What is consumption function? What is saving function? Show the relationship between APC and MPC with suitable illustrations. 5+5+5=15

UNIT—III

5. Explain how commercial banks create money through their lending operations. Mention the various factors that limit the credit creation power of banks. 10+5=15

6. What do you understand by inflation? What are the causes of inflation? Discuss various measures to control inflation. 3+6+6=15

UNIT—IV

7. What is a trade cycle? What are the various characteristics of a trade cycle? Discuss Keynes' view on trade cycle. 2+4+9=15

8. Distinguish between balance of trade and balance of payments. What are the causes of disequilibrium in the balance of payments? Explain the measures that a country can adopt to correct an adverse balance of payments situation. 5+5+5=15

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