**Programme Name : BCP (Semester VI)**

**Course Name : Principles of Macro Economics**

**Semester Duration – January to April**

**Assignment /Test**

1. Distinguish between Real and Nominal GDP. Explain the limitations of GDP as a measure of welfare.
2. Explain the steps involve in the estimation of National Income with the help of Income method.
3. Explain the determination of equilibrium level of income in a two sector Keynesian economic framework model, using the aggregate expenditure approach. Do you think that equilibrium will occur at the full employment level of output?
4. What is Net Export function? Explain with the help of diagram, the factors responsible for the shift in the Net export Function.
5. Suppose an economic model is given as follows

C = 100 + 0.80 Yd (where Yd = Y – T)

I = 150

G = 50

T = 20 + 0.25 Y

Find a) equilibrium level of income, consumption and savings

b) Change in equilibrium income if G increases to 100 and I decreases to 100.

1. What is meant by Multiplier? Explain the working of multiplier using suitable diagrams and examples.
2. Write short notes on
3. GDP Deflator
4. Components of Balance of Payment
5. Balanced Budget Multiplier
6. Differentiate between Final and Intermediate goods.
7. Define MEC. What are its determinants

­**Project**

Analyse the implication of latest budget implications on the Indian Economy.

**Multiple Choice Questions**

**1. Consider the following statements and identify the right ones.**  
  
i. National income is the monetary value of all final goods and services produced.  
ii. Depreciation is deducted from gross value to get the net value  
  
a. I only  
b. ii only  
c. both  
d. none

**ANSWER: c. both  
  
2. Consider the following statements and identify the right ones.**  
  
i. While calculating GDP, income generated by foreigners in a country is taken into consideration  
ii. While calculating GDP, income generated by nationals of a country outside the country is taken into account  
  
a. I only  
b. ii only  
c. both  
d. none

**ANSWER: a. I only  
  
3. The net value of GDP after deducting depreciation from GDP is**  
  
a. Net national product  
b. Net domestic product  
c. Gross national product  
d. Disposable income  
  
**ANSWER: b. Net domestic product  
  
4. Consider the following statements and identify the right ones.**  
  
i. While calculating GNP, income generated by foreigners in a country is taken into consideration  
ii. While calculating GNP, income generated by nationals of a country outside the country is taken into account  
  
a. I only  
b. ii only  
c. both  
d. none  
**ANSWER: b. ii only**

**5. When depreciation is deducted from GNP, the net value is**  
  
a. Net national product  
b. Net domestic product  
c. Gross national product  
d. Disposable income  
  
**ANSWER: a. Net national product**  
**6. The value of NNP at consumer point is**  
  
a. NNP at factor cost  
b. NNP at market price  
c. GNP at market price  
d. GNP at factor cost

**ANSWER: b. NNP at market price**  
**7. The value of NNP at production point is called**  
  
a. NNP at factor cost  
b. NNP at market price  
c. GNP at market price  
d. GNP at factor cost

**ANSWER: b. NNP at market price  
  
8. The value of national income adjusted for inflation is called**  
  
a. Per capita income  
b. Disposable income  
c. Inflation rate  
d. Real national income  
  
**ANSWER: d. Real national income  
  
9. The average income of the country is**  
  
a. Per capita income  
b. Disposable income  
c. Inflation rate  
d. Real national income

**ANSWER: a. Per capita income**