Q1 Comment on any three of the following:-
(a) Why are intermediate goods not included in GNP?
(b) Money is different from near-money assets.
(c) Measures of money supply by RBI.
(d) Circular flow of income in a two sector economy.
(e) Keynesian theory of interest is indeterminate.

UNIT-I

Q2 Discuss the meaning and scope of Macro-economics. Discuss the significance of macro-economic variables in business decision making.

Q3 How is the equilibrium level of national income determined? Show that both the aggregate demand-aggregate supply approach and saving-investment approach give the same level of equilibrium income.

UNIT-II

Q4 A given change in autonomous investment will lead to a larger change in income than itself. Why? Explain the process of income propagation with the help of dynamic multiplier.

Q5 Define autonomous and induced investment. What is the role of marginal efficiency of capital in decision making in respect of investment?

UNIT-III

Q6 Discuss the concept of Balanced Budget Multiplier. Show that may change in investment financed through lump sum taxation will have an expansionary effect on income.

Q7 Discuss the Friedman Theory of demand for money. How is it different from Keynesian theory?

UNIT-IV

Q8 Explain the nature of LM schedule in Keynesian, intermediate and the classical range. Discuss the effectiveness of fixed and monetary policy in these ranges.

Q9 Explain the highlights of Recent Monetary Policy of GOI and discuss it will help to reduce inflation in the country.