

**SHIVAJI COLLEGE, UNIVERSITY OF DELHI**

**DEPARTMENT OF ECONOMICS**

**Continuous Assessment (Academic Year 2023-24)**

Name of the Course: B.A.(H)

Semester: 2

Name of the Paper: GE Principles of Macroeconomics I

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Maximum Marks: 10+10+15=35

Date of Continuous Assessment submission: 25.03.2024, 20.04.2024, 04.05.2024

**Continuous Assessment 1**

Q1.

Calculate Nominal GDP for the Both Years with the help of data given in below table.

GOODS	PRODUCTION		PRICE (Per Unit in \$)	
	Year 1	Year 2	Year 1	Year 2
	Q1	Q2	P1	P2
Good X	12	22	1.00	0.80
Good Y	14	08	0.60	2.00
Good Z	20	24	1.40	1.80

What are the limitations of using nominal GDP ?

Q2.

(A) Discuss the Keynesian Consumption and Saving functions with the help of suitable diagram and equations.

(B) Suppose that we have the following model for the goods market :

$$C = 10 + 0.50 (Y-T)$$

$$I = 20 + 0.1Y$$

$$G = 10$$

$$T = 10$$

$$Y = C + I + G$$

Find out the equilibrium level of income, Investment, Consumption and Saving.

**Continuous Assessment 2**

Q1.

(A) How commercial Banks Create Money and what is money multiplier ?

(B) Discuss Open Market Operations and how monetary authority use it to control Money supply in economy ?

Q2.

(A) Discuss the Balanced-Budget Multiplier and its value.

(B) Derive the simple multiplier and What is the relationship between marginal propensity to save and value of simple multiplier ? What will happen to Multiplier if  $mpc > 1$ ?

(10)

### Continuous Assessment 3

Q1.

Discuss the Effect on the Money Market using suitable diagram for following changes

Increase in Nominal Income

Increase in Money Supply

Q2.

How does an Increase in Investment affect the equilibrium level of income in an economy? Use Suitable equations, Multiplier and Diagrams for answer.

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