

SHIVAJI COLLEGE, UNIVERSITY OF DELHI
DEPARTMENT OF ECONOMICS
TEST (Academic Year 2023 – 2024)

Name of the Course : B.A. (Honours) Semester : 2
Name of the Paper : Principles of Macroeconomics Faculty Name : Rahul
Maximum Marks : 12

Attempt all questions.

Ques 1) Explain the component of current account of balance of payments.

.....(3)

Ques2) what happens to the equilibrium rate of interest in the following situations use suitable diagram.

(a) Decrease in nominal income

.....(2)

(b) Decrease in money supply

.....(2)

Ques3) Given the following information:

Quantity of money (M) = 4800
Nominal GDP = 96000
Real GDP. = 48000

(a) what is the price level and velocity of money in this country?

.....(2)

(b) Suppose the velocity is constant and the economy's output rise by percent each year. What quantity of money and money supply should central bank set next year if it is wants to keep the price level stable?

.....(3)

