SHIVAJI COLLEGE
UNIVERSITY OF DELHI

INTERNAL TEST – RETEST
PRINCIPLES OF MACRO ECONOMICS.

9/5/24.

Section A

B. COM (PROG) SEM VI
TIME 1 HOUR.
MAX MKS – 20.
NAME OF TEACHER – Sumeet S. Raheja.

Attempt all Questions.

Q1. a) Given following information.

$C = 80 + .25 Y_d$

$I = 70$, $G = 70$ $T = 20$.

i) Calculate equilibrium income

ii) investment multiplier

iii) If T changes to 50 what is new level of equilibrium income.

iv) Now suppose TR (transfers) are introduced and new tax rate $T = .25Y$.

What is new level of GDP/income. Keeping same old values of G and I and Consumption function.

v) What is then new value of multiplier.

vi) What is Budget surplus value in above function.

(3, 2, 3, 3, 3, 3,)

b) What is net export function? Explain with Diagram.

(3)

(Sumeet)