DOON UNIVERSITY, DEHRADUN

End Semester Examination, 2nd Semester, 2024
Academic Year 2023-24 (Even Semester)
School of Social Sciences, Department of Economics
Programme Name: B.Sc. Economics
Course Code with Title: ECG151-Foundations of Economics-II (812411)

Time Allowed 2.00 Hours   *Maximum Marks: 50*

INSTRUCTIONS:

1. There are three sections.
2. Section A consists of five questions. All questions are compulsory in this section.
3. Section B consists of four questions. All questions are compulsory in this section.
4. Section C comprises three questions. Attempt any two.

SECTION: A -All questions are compulsory (5*2=10 marks)

Ques 1. Explain the difference between real GDP and nominal GDP.

Ques 2. State Gresham's law on currency Dabasement.

Ques 3. What do you understand by induced and autonomous investment?

Ques 4. Given the Quantity Theory of Money, assume that income is 1000 units and money supply is 400 units. Also, assume that the velocity of circulation of money is 5. Calculate the aggregate price level. What will happen to the price level if the money supply rises to 600 units? Explain.

Ques 5. In an economy, the GDP deflator is found to be 110 for the current year. If the GDP has registered an annual growth rate of 15% in the same year, then find the rate of growth of real GDP.

SECTION: B - All questions are compulsory (4*5= 20 marks)

Ques 6. The saving function of an economy is given by $S = -100 + 0.2 Y$. Find out the corresponding consumption function. If the autonomous investment is ₹100 crore, what will be the equilibrium GDP of an economy?

Ques 7. Determine the equilibrium GDP for an economy given,

Consumption function $(C)= 200 + 0.6 Y_d$, Autonomous investment $(I_0) = $ ₹200 crore,

Government expenditure $(G_0) = $ ₹300 crore and Government taxes $= $ ₹120 crore.

Ques 8. What are the main functions of money? Discuss the importance of money for the modern economy.

Ques 9. What are the main causes of inflation? Explain demand-pull and cost-push inflation.

SECTION: C – Attempt any two (2*10=20marks)

Ques 10. Diagrammatically explain the Keynesian consumption function $C=\alpha+\beta Y$. How do MPC and APC change with an increase in income in this consumption function?

Ques 11. Explain and illustrate the concept of multiplier. If the marginal propensity to save is 0.02, what is the value of the multiplier? If the value of MPS increases to 0.2 how will the level of income affected?

Ques 12. "Interest is the reward for parting with liquidity". Discuss concerning "The General Theory of Employment, Interest and Money" (Keynesian Approach)