



DOON UNIVERSITY, DEHRADUN
Mid-term Examination, First Semester, 2014
School of Social Sciences
MSc Economics
Course: SSEI-111 : MACROECONOMICS I

Time Allowed: 2 hrs.

Max. Marks: 30

Note: Attempt All Questions from Sections A, B, C

SECTION: A

All questions are compulsory and carry equal marks.

(Marks: 6x1=6)

State whether the following are true or false:

1. Services are generally captured in the national income accounting using the income method.
2. NDP at factor cost is closest to national income.
3. Neither CPI nor GDP deflator take into account the qualitative changes that are taking place in the economy.
4. One shot jump in prices is inflation.
5. Transfer payments are never a part of current income.
6. The aggregate supply curve in the classical macroeconomic model is perfectly elastic.

SECTION: B

Answer any THREE questions.

(Marks: 3x4=12)

1. Explain the following:
 - a. Wage-employment paradox
 - b. Paradox of thrift
2. Distinguish between the following concepts:
 - a. Gross Domestic Product and Gross National Product
 - b. Real vs Nominal National Income
3. Explain the following concepts:
 - a. Net Domestic Product
 - b. GDP at Factor Cost
4. What is Say's law? How did classical economists use this law to show that involuntary unemployment is impossible in a free economy?

SECTION: C

Answer any ONE question.

(Marks: 1x12=12)

1. Why is the long-run classical aggregate supply curve a vertical line? Explain the concept of classical dichotomy through classical macroeconomic model.
2. How do we measure inflation in India? Explain all the three methods and describe their relative merits and demerits.