VIT

Vellore Institute of Technology

(Deemed to be University under section 3 of UGC Act, 1956)

School of Social Sciences and Languages
Continuous Assessment Test 1
September 2023 – Fall Semester
(B.Tech)

Course Code	: BHUM104L	Duration	: 90 Minutes
Course Name	: Macro Economics	Max. Marks	: 50 Marks
Class No	: VL2023240104817	Date	: 10/09/2023
Slot	: A2+TA2	Time	:02.00 p.m. to 03.3

Faculty-In-Charge : Dr Sumeetha M

Answer All the Questions (5 x 10 = 50 Marks)

Q. No.	Questions	Max. Marks
1.	National income in India is measured using different methods. Explain each of them What is the difference between real and nominal GDP. What is a GDP deflator and why is it used in macroeconomics?	10
2.	Draw a three -sector model and explain the circular flow of income and expenditure. What will happen if you add the external sector to this model? Identify the injections and withdrawals in these models.	10
3.	Using the AD-AS approach algebraically derive the Keynesian equilibrium income level in a two sector closed economy. What is the role of effective demand in Keynesian economics? The consumption function is given by the equation **C = 140 + 0.9Y**.The investment in this economy is 400.Calculate the equilibrium level of income (output). What is the change in equilibrium output when there is an increase in investment to 500 in this economy?	10
4.	Trace the origin and growth of macroeconomics.	10
5.	Is there always full employment in classical theory of income and employment determination? What is classical dichotomy? Explain the classical theory of income and employment determination with the help of suitable diagrams.	10