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
Fall Semester 2023-24
(B.Tech –All Branches)

Course Code	: BHUM104L	**Duration**	: 90 Minutes.
Course Name	: Macro Economics	**Max. Marks**	: 50 Marks
Class No	: VL2023240104668	**Date**	: 16-9-2023
Slot	: G1+TG1	**Time**	: 9:30 AM – 11:30 AM
Faculty-In-Charge	: **Dr. Abdhut Deheri**		

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

Q. No.	Questions	Max. Marks
1.	Draw a suitable diagram to illustrate how aggregate demand is determined in the classical model using the quantity theory of money. What would happen to output and the price level if the money supply rises?	8+2=10
2.	Using a suitable diagram illustrates how the capital market plays a crucial role in the circular flow of income and expenditure in a three-sector model.	10
3.	Differentiate between GDP at factor Cost and GNP at market Price. Suppose GNP at Market Price = Rs. 6000; Depreciation = Rs. 400; Indirect Tax = Rs. 550; Subsidies = Rs. 500; Corporate Tax = Rs. 1000; Personal Income Tax = Rs. 500; Undistributed Profit = Rs. 200; Factor income paid abroad = Rs. 800 and Factor income received from abroad = Rs. 1100. From the information, compute NNP at factor cost and GDP at market price.	5+5=10
4.	Derive the aggregate labor supply curve using the individual worker's income-leisure trade-off. Under what circumstances will the aggregate labor supply curve bend backward?	8+2=10
5.	What do you mean by GDP deflator? From the following information, calculate the GDP deflator and the inflation rate for each year by taking 2011 as the base year.	2+8=10

Year	Quantity of A	Price of A	Quantity of B	Price of B
2011	10	Rs. 2	8	Rs. 10
2012	15	Rs. 6	10	Rs. 12
2013	20	Rs. 8	20	Rs. 15