

School of Law

Bachelor of Law

ETE - Jun 2024

Time : 3 Hours

Marks : 100

Sem II - K1UB221T - Economics-II

Your answer should be specific to the question asked

Draw neat labeled diagrams wherever necessary

1. Explain the main components involved in the calculation of GNP at market price using Expenditure method. K1 CO1 (5)
2. Explain the meaning and impact of transfer payments have on national income accounting. K1 CO1 (5)
3. Consider how each of the following events is likely to affect real GDP. Do you think the change in real GDP reflects a similar change in economic well-being? K2 CO1 (5)
 - a. A hurricane in Florida forces Disney World to shut down for a month.
 - b. The discovery of a new, easy-to-grow strain of wheat increases farm harvests.
4. Explain how each of the following events is likely to affect GDP? K2 CO1 (10)
 - a) Environmental laws prohibit the firms from emitting pollution
 - b) Strikes by trade unions.
 - c) Discovery of new seed increases farm harvest.
5. Explain the concept of stagflation and its implications for an economy. K3 CO2 (10)
6. Discuss the role of cost-push inflation and its impact on businesses and consumers. K3 CO2 (10)
7. Explain the concept of a current account deficit and its implications for a country's balance of payments. K4 CO4 (10)

OR

- Analyze the functions and responsibilities of a central bank in maintaining price stability and controlling inflation. K4 CO5 (10)
8. Calculate Gross Domestic Product at Market Prices and Net National Product at Factor Cost and Gross Domestic Product at Factor Cost from the following data: (Rs in Crore)(K4 CO2 (15)
 - a. Net indirect taxes Rs 38
 - b. Consumption of fixed capital Rs 34
 - c. NFIA (-) Rs3
 - d. Interest Rs 20
 - e. Mixed Income of self-employed Rs 120
 - f. Salaries Rs 170
 - g. Rent Expenditure Rs 100
 - h. Profits Rs 125
 - i. Employers' contribution to social security schemes Rs 3
 9. Explain briefly Keynes's critique of classical theory of income and employment. K5 CO3 (15)
 10. For an economy the following consumption function is given : $C = 60 + 0.75 Y$. K5 CO4 (15)
 - (a) If investment in a year is Rs 35 crores, what will be the equilibrium level of income or output ?
 - (b) If full-employment level of income (i.e., level of potential output) is Rs 460 crores, what investment is required to be undertaken to ensure equilibrium at full employment ?

OR

- Suppose the level of autonomous investment in an economy is 200 crores. The following saving function is given : $S = - 80 + 0.25 Y$ Find the equilibrium level of income. K5 CO4 (15)