**The LNM Institute of Information Technology (Deemed University)**

Second Mid Term Exam (2012-2016)

Economics-I: Macro Economics

**Roll No. ------------------- Date –** 23/10/2013

**Max. Marks –** 30 **Time** – 1 hour

**Instructions –**

1. Write precise and to the point answers in the legible handwriting.
2. Give examples wherever necessary
3. National income does not necessarily refer to income produced within the borders of the country. In this context of the statement explain – (3x3=9)
   1. Domestic territory of a country
   2. Normal residents of the country
   3. Domestic income and National income.
4. Explain circular flow of income in an economy. (3)

**OR**

Explain the value added method of measuring national income.

1. “There are many difficulties in measuring national income.” Discuss. (3)

**OR**

Discuss critically GDP as a measure of economic welfare.

1. “India’s current account balance turns negative.” Analyze the statement in the framework of cause-effect analysis. (3)
2. Explain the relationship between these measures of national income : (3x2=6)
3. GNP is Rs. 28, 33,558 crore and NNP is Rs. 25, 01,067 crore.
4. GDP at factor cost is Rs. 28, 55,933 crore and GDP at market price is Rs. 31, 26,596 crore.

1. From the following data, compute - (1.5x4=6)
2. Nominal GDP b. Real GDP c. Growth rate in GDP d. GDP deflator

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Output in 2009 (base year) | | |  | Output in 2010 | |  |
| Products | **Quantity** | **Price** |  | **Products** | **Quantity** | **Price** |
| Cheese | 10 | 2 |  | Cheese | 12 | 2.50 |
| Chocolates | 20 | 2 |  | Chocolates | 25 | 3 |
| Shirts | 5 | 10 |  | Shirts | 5 | 11 |