

**Sheth T.J. Education Society's**

**Sheth N.K.T.T. College of Commerce and Sheth J.T.T. College of Arts, Thane.**

**Revised Syllabus for the S.Y.B.A. (Sem III)**

**Course- Economics -Paper III- Macroeconomics – I**

**2020-21**

**Module I- Introduction to Macroeconomics and National Income**

1. Explain meaning, scope and subject matter of Macro Economics  
Ans: Macroeconomics- Meaning- It is study of economy as a whole  
Scope and subject matter of macroeconomics- In macroeconomics -Determination of National Income, Economic fluctuations, Aggregate Demand and Aggregate Supply, Employment and unemployment, Money and Price level, economic growth and development and Balance of payment and exchange rate is studied.
2. Discuss the importance of the study of macroeconomics with its limitations  
Ans: Introduction- Meaning of Macroeconomics - It is study of economy as a whole  
Importance of the study of macroeconomics - understanding functioning of economy, understanding economic performance, government policies, economic environment of business, forecasting future trends and making of political choices can be understood.  
Limitations-Macroeconomics suffer from some limitations- like- Emphasis on aggregates, conflict between macro and micro interest, it ignores welfare, mismatch with reality, limited application to developing eco.
3. Explain meaning and features of NI  
Ans: Meaning- income of an economy from all sources,  
Features- flow concept, value of final goods, macro concept, monetary measure, adds net exports, measure of economic progress.
4. Explain importance of NI  
Ans: Meaning of NI- income of an economy from all sources,  
Importance- measures economic performance, compares standard of living, sectoral contribution, measurement of economic welfare changes in price level, business forecasts, global income distribution, economic planning and policies.
5. Explain various concepts of NI  
Ans: Explanation of concepts- GDP, GNP, NNP, NDP, NI at factor cost and market price NI at current price and constant price, Gross value added, Personal income, disposable income, Per capita income, PPP income.

6. Explain the methods to measure NI

Ans: product method, income method and expenditure method explanation with examples.

7. Explain the difficulties in the measurement of NI

Ans: The difficulties are: 1. Prevalence of Non-Monetized Transactions 2. Illiteracy 3. Occupational Specialisation is Still Incomplete and Lacking 4. Lack of Availability of Adequate Statistical Data 5. Value of Inventory Changes 6. The Calculation of Depreciation 7. Difficulty of Avoiding the Double Counting System 8. Difficulty of Expenditure Method.

8. Explain the concept of circular flow of income and expenditure in closed economy (Two sector and Three sector).

Ans: Meaning- flow of income and expenditure  
diagram- Two sector, three sector economy and its explanation.

9. Explain the concept of circular flow of income and expenditure in open economy.

Ans: Meaning- flow of income and expenditure  
diagram- four sector economy and its explanation

10. Explain importance of circular flow

Ans: Meaning of circular flow- flow of income and expenditure  
Importance-shows smooth functioning of economy, helps to know disequilibrium problem, helps to find out leakages in the circular flow highlights imp of monetary and fiscal policy.

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