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(3rd Semester)

ECONOMICS

Paper No. : Eco-301

(Macroeconomics—I)

Full Marks : 70

Pass Marks : 45%

Time : 3 hours

(PART : B—DESCRIPTIVE)

(Marks : 45)

*The figures in the margin indicate full marks
for the questions*

1. Enumerate the factors that determine the size of the national income. What are the difficulties in the estimation of national income? 3+6=9

Or

Explain the balance of payments account. 9

2. Explain the determination of equilibrium level of output and employment with the help of the aggregate demand and aggregate supply functions. 9

20L/60a

(Turn Over)

Or

“Supply creates its own demand.” Justify the statement. On what grounds was it criticized by Keynes? 9

3. Explain Keynes psychological law of consumption spending. 9

Or

Illustrate the Duesenberry effect and give its criticisms. 6+3=9

4. Elaborate on the modern theory of interest. 9

Or

Critically explain the Keynesian theory of interest. 9

5. Explain the working of investment multiplier and its effectiveness in the economic analysis of LDCs. 5+4=9

Or

Distinguish between Autonomous Investment and Induced Investment. 9

2019

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ECONOMICS

Paper No. : Eco-301

(**Macroeconomics—I**)

(PART : A—OBJECTIVE)

(Marks : 25)

The figures in the margin indicate full marks for the questions

SECTION—I

(Marks : 15)

A. Put a Tick mark against the correct answer in the box provided : 1×10=10

1. The circular flow of goods and incomes shows the relationship between

(a) income and money

(b) wages and salaries

(c) firms and households

(d) goods and services

2. GDP differs from GNP because
- (a) $GDP = GNP - \text{net factor payments from abroad}$
 - (b) $GNP = GDP - \text{net factor payments from abroad}$
 - (c) $GDP = GNP - \text{capital consumption allowances}$
 - (d) $GNP = GDP - \text{capital consumption allowances}$
3. According to classical theory, the level of employment is determined primarily by the
- (a) quantity of money
 - (b) prices and wages
 - (c) level of aggregate demand for goods and services
 - (d) interest rates
4. Keynesian Economics became popular because it was able to explain
- (a) stagflation in the late 1970's
 - (b) demand pull inflation in the 1960's
 - (c) low growth rates in the 1950's
 - (d) the prolonged existence of high unemployment during the Great Depression

5. The value of APC before the break-even level of income is

(a) >1

(b) <1

(c) $=1$

(d) $=0$

6. The consumption function is also called the

(a) MPC

(b) MPS

(c) propensity to consume

(d) propensity to save

7. According to the classical theory of interest, the equality between savings and investment is brought about by

(a) consumption

(b) rate of interest

(c) income

(d) propensity to save

8. Which theory is called as the neo-classical theory of rate of interest?
- (a) Keynesian theory
 - (b) Liquidity preference theory
 - (c) Time preference theory
 - (d) Loanable funds theory
9. In the IS-LM model, the goods market equilibrium requires equality between
- (a) saving and investment
 - (b) demand for and supply of money
 - (c) demand for and supply of labour
 - (d) consumption and investment
10. Investment which does not change with the changes in income level is known as
- (a) induced investment
 - (b) inventory investment
 - (c) residential investment
 - (d) autonomous investment

B. State whether the following statements are *True (T)* or *False (F)* by putting a Tick (✓) mark : 1×5=5

1. That part of personal income which is left behind after payment of personal direct taxes is called disposable personal income.

(T / F)

2. J. B. Say denies the possibility of general overproduction.

(T / F)

3. Consumption function expresses the relation between income and investment.

(T / F)

4. The classical theory of interest assumes full employment of resources.

(T / F)

5. The value of investment multiplier is equal to MPC.

(T / F)

(6)

SECTION--II

(Marks : 10)

C. Answer/Write short notes on any *five* of the following :

1. Distinguish between GNP and NNP.

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2. Green accounting

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3. State the assumptions of the classical theory of employment.

4. Effective demand

5. Relative income hypothesis

6. Loanable funds theory of interest

7. MEC

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8. Wage-price flexibility
