

2 0 1 7

(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. Explain the term 'balance of payments'. State and explain various measures of correcting disequilibrium in the balance of payments.

3+6=9

Or

Explain the concept of circular flow of income accounts.

9

2. Explain Say's law of markets. On what ground it has been criticized by Keynes? 6+3=9

Or

Explain Keynesian theory of income and employment. 9

3. State and explain Keynes' psychological law of consumption. State its implication. 6+3=9

Or

Explain the relative income hypothesis theory of consumption function. Give its criticisms. 6+3=9

4. Explain critically the liquidity preference theory of interest. 9

Or

Elaborate the modern theory of interest. 9

5. Explain the working of investment multiplier. Point out the leakages of the multiplier. 6+3=9

Or

Differentiate between autonomous and induced investment. 9

2 0 1 7

(3rd Semester)

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. Identify the item which is not a factor payment.

- (a) Scholarships given to students
- (b) Free uniforms to defence personnel
- (c) Imputed rent of an owner-occupied building
- (d) Salaries and allowances given to the members of the Parliament

2. Which of the following economic accounting systems brings into focus the inter-industry relationships?

- (a) Production accounts
- (b) Investment accounts
- (c) Input-output accounting
- (d) Flow of funds accounts

3. Say's law will not operate under conditions of

- (a) barter economy
- (b) money economy
- (c) equality of saving and investment
- (d) inflexible wages and prices

4. What is true of Keynes' theory of employment?

- (a) Long-term analysis
- (b) Stability of AS function in the short run
- (c) Stability of investment function
- (d) Full employment equilibrium

5. The size of MPC is

(a) > 1

(b) 1

(c) 0

(d) $> 0 < 1$

6. The real theory of interest has been given by

(a) Classical Economists

(b) Neo-classical Economists

(c) J. M. Keynes

(d) Swedish Economists

7. Which of the following motives of liquidity preference is interest related?

(a) Transactions

(b) Precautionary

(c) Speculative

(d) None of the above

8. The IS curve relates different equilibrium levels of
- (a) saving and investment
 - (b) investment and money supply
 - (c) national income and various rates of interest
 - (d) income and expenditure
9. A shift in LM curve to the right is caused by
- (a) increase in money supply
 - (b) decrease in income
 - (c) decrease in money supply
 - (d) rise in demand for money
10. Which of the following theories states $r = f(I, S, M, H)$?
- (a) Saving Investment theory
 - (b) Loanable fund theory of interest
 - (c) Liquidity preference theory of interest
 - (d) Modern theory of interest

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

1. The Classical Economist denied the possibility of the existence of involuntary unemployment.

(T / F)

2. The value of investment multiplier is the reciprocal of marginal propensity to consume.

(T / F)

3. Transfer payments refer to payments to workers on transfer from one job to another.

(T / F)

4. MPC is positive but less than 1.

(T / F)

5. Rate of interest is determined by the liquidity preference of public and money supply.

(T / F)

(6)

SECTION—II

(Marks : 10)

C. Write short notes on any *five* of the following : $2 \times 5 = 10$

1. Green Accounting

2. Limitations of calculations of National Income

3. Effective demand

4. Consumption function

5. Marginal propensity to consume

6. Loanable funds theory of interest

7. Factors influencing MEC

8. Marginal efficiency of capital
