2 0 1 8

(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 briefly the methods of measuring national income. What is the importance of national income estimates?   6+3=9

Or

What is social accounting? Explain briefly its development and importance.   3+6=9

2. Explain the Classical Theory of Employment. On what grounds did Keynes refute it?   6+3=9

Or

Elaborate with diagrams the 'Principle of Effective Demand'.   9

3. What is consumption function? Explain the factors influencing average and marginal propensity to consume.   3+6=9

Or

Explain the importance of Keynes' consumption function.   9

4. Critically explain the classical theory of interest.   9

Or

Critically examine the Loanable Funds Theory of Interest.   9

5. Define MEC. Explain the factors influencing MEC.   3+6=9

Or

Show how the general equilibrium of real sector and monetary sector are determined with the help of IS and LM curves.   9

★★★

2 0 1 8

(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. Mixed income of the self-employed means

   (a) gross profits received by proprietors   ☐

   (b) rent, interest and profit of an enterprise   ☐

   (c) combined factor payments which are not distinguishable   ☐

   (d) wages due to family workers   ☐

2. In a circular flow of income, which of the following is an injection?

   (a) Saving ☐

   (b) Taxation ☐

   (c) Imports ☐

   (d) Exports ☐

3. Which of the following is not an implication of Say's law?

   (a) Supply creates its own demand ☐

   (b) Presence of involuntary unemployment ☐

   (c) Automatic adjustment of economic element ☐

   (d) Absence of general overproduction ☐

4. Keynes' theory of employment is economics of depression because

   (a) it is general theory ☐

   (b) supply function is stable in the short-run ☐

   (c) employment depends upon effective demand ☐

   (d) it is comparative static analysis ☐

5. Find out the correct statement.

   (a) MPC is that ratio of income which is spent on consumption   ☐

   (b) MPC and APC are always equal   ☐

   (c) If APC is represented by a straight line from of origin, the MPC and APC are equal at all levels   ☐

   (d) APC always increases   ☐

6. What is true of IS curve?

   (a) It expresses equilibrium in monetary sector   ☐

   (b) It expresses equilibrium in real sector   ☐

   (c) Shifting towards right shows decline in income   ☐

   (d) The level of income is high at higher interest rate   ☐

7. 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   ☐

8. Which of the following is monetary theory of interest?

   (a) Saving-investment theory □

   (b) Loanable funds theory of interest □

   (c) Liquidity preference theory of interest □

   (d) Modern theory □

9. If MPC is 0·5, the multiplier is

   (a) 5·0 □

   (b) 2·0 □

   (c) 1·0 □

   (d) 1·5 □

10. The operation of multiplier is adversely affected by

   (a) involuntary unemployment □

   (b) industrial economy □

   (c) imports □

   (d) elastic supply of capital and other factors □

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

1. NNP at factor cost is equal to national income.

(*T* / *F*)

2. Input-output analysis has been developed by Morris Copeland.

(*T* / *F*)

3. Say's law will not operate under conditions of inflexible wages and prices.

(*T* / *F*)

4. MPC is positive but less than 1.

(*T* / *F*)

5. The real theory of interest is related to J. M. Keynes.

(*T* / *F*)

SECTION—II

(*Marks* : 10)

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

   1. BOP account

2. Social accounting

3. Aggregate demand and aggregate supply function

4. Investment multiplier

5. Say's law of market

6. Autonomous investment

7. Keynes' psychological law of consumption

8. Liquidity preference

***