

2018

(CBCS)

(3rd Semester)

ECONOMICS

THIRD PAPER

(Macroeconomics—I)

Full Marks : 75

Time : 3 hours

(PART : A—OBJECTIVE)

(Marks : 25)

The figures in the margin indicate full marks for the questions

SECTION—A

(Marks : 10)

Tick (✓) the correct answer in the brackets provided :

1×10=10

1. For the calculation of NI, we should exclude

- (a) services rendered by a mother ()
- (b) profit earned by government sectors ()
- (c) payments made to the service holder ()

2. GNP estimated at constant prices in a chosen or base year is called

- (a) nominal income ()
- (b) real income ()
- (c) current income ()

3. When income increases, consumption expenditure
- (a) also increases ()
 - (b) decreases ()
 - (c) remains as it is ()
4. Aggregate demand function is governed by consumption and
- (a) rate of interest ()
 - (b) investment ()
 - (c) money supply ()
5. Consumption function which is not influenced by current income is
- (a) induced consumption ()
 - (b) autonomous consumption ()
 - (c) Both (a) and (b) ()
6. Marginal propensity to save (MPS) is denoted by
- (a) $\frac{\Delta Y}{\Delta C}$ ()
 - (b) $\frac{\Delta C}{\Delta Y}$ ()
 - (c) $\frac{\Delta S}{\Delta Y}$ ()
7. Savings is equal to
- (a) Income - Consumption ()
 - (b) Income + Consumption ()
 - (c) Consumption + Investment ()
8. Autonomous investment is
- (a) income inelastic ()
 - (b) interest elastic ()
 - (c) profit elastic ()

9. According to the classical economist, the rate of interest is determined by
- (a) demand for and supply of investment ()
 - (b) demand for and supply of money ()
 - (c) demand for and supply of capital ()
10. Liquidity trap occurs when
- (a) increase in money supply can't reduce rate of interest ()
 - (b) increase in money demand can't reduce rate of interest ()
 - (c) increase in rate of investment can't reduce rate of interest ()

SECTION—B

(Marks : 15)

Write on/Answer the following :

3×5=15

1. (a) What is Green Accounting?

OR

- (b) Define GNP.

2. (a) Difference between classical theory of employment and Keynesian theory of employment.

OR

- (b) What is aggregate supply?

3. (a) Meaning of consumption function

OR

- (b) State three factors influencing consumption spending.

4. (a) Autonomous and induced investment

OR

- (b) Concept of present discounted value

5. (a) Concept of Gross and Net interest

OR

(b) Neo-classical theory of interest

(PART : B—DESCRIPTIVE)

(Marks : 50)

The figures in the margin indicate full marks for the questions

1. What is national income identity? Explain national income identity with government and international trade. 3+7=10
- OR**
2. Explain the concept and components of national income. 10
3. Explain the Keynesian theory of employment in terms of the Principle of Effective Demand. 10
- OR**
4. "Supply creates its own demand". Discuss the statement. 10
5. Distinguish between APC and MPC. What are the factors influencing consumption in an economy? 4+6=10
- OR**
6. Explain the Keynesian theory of Absolute Income Hypothesis. 10
7. Explain the concept of investment multiplier. Briefly explain its effectiveness in LDCs. 7+3=10
- OR**
8. Define Marginal Efficiency of Capital. What are the factors influencing MEC? 3+7=10
9. Explain the classical theory of interest. 10
- OR**
10. Explain the loanable funds theory of Interest. 10
