

III/ECO (iii)

2012

(3rd Semester)

ECONOMICS

THIRD PAPER

(**Macroeconomics**)

Full Marks : 75

Time : 3 hours

(PART : B—DESCRIPTIVE)

(Marks : 50)

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

Answer **all** questions

UNIT—1

1. Explain the various methods of measuring National Income. 10

Or

Discuss the importance and significance of National Income statistics in modern economic analysis.

G13—1450/38a

(Turn Over)

(2)

UNIT—2

2. Discuss the classical theory of employment under labour market condition. 10

Or

Explain the determination of equilibrium level of employment in terms of the principle of effective demand.

UNIT—3

3. What is meant by consumption function? Explain the factors that determine propensity to consume of the community. 3+7=10

Or

Discuss the Dusenberry's relative income hypothesis. 10

UNIT—4

4. Explain the statement "saving is equal to investment only at the equilibrium level of income". 10

(3)

Or

S What do you mean by marginal efficiency of capital? How does it determine the level of investment? 4+6=10

UNIT—5

5. Critically discuss how interest is determined according to classical theory. 10

Or

Critically examine the liquidity preference theory of interest.

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(PART : A—OBJECTIVE)

(Marks : 25)

The figures in the margin indicate full marks for the questions

Answer **all** questions

SECTION—A

(Marks : 10)

Tick (✓) the correct answer in the brackets provided : $1 \times 10 = 10$

1. The difference between Gross National Product and Net National Product equals

- (a) personal income ()
- (b) depreciation ()
- (c) consumer expenditure on durable goods ()

2. Per capita income is calculated by

- (a) dividing the national income by the number of population ()
- (b) dividing the number of population by the national income ()
- (c) None of the above ()

3. The classical economist assumed
- (a) over-full employment ()
 - (b) under-employment ()
 - (c) full employment ()
4. The aggregate supply function curve is
- (a) a horizontal line ()
 - (b) upward sloping ()
 - (c) downward sloping ()
5. Marginal propensity to consume is
- (a) the ratio change in consumption to the change in investment ()
 - (b) the ratio of change in consumption to the change in income ()
 - (c) the ratio of change in consumption to the change in saving ()
6. Keynes' income multiplier measures the relationship between
- (a) an increase in income caused by an increase in consumption ()
 - (b) an increase in income caused by a primary increase in investment ()
 - (c) an increase in investment caused by an increase in income ()

(3)

7. Which of the following constitute real investment according to Keynes?

- (a) Purchase of existing shares ()
- (b) Buying of a factory constructed last year ()
- (c) Building of a block flat ()

8. Investment is

- (a) positively related to interest and negatively related to interest ()
- (b) positively related to income and negatively related to interest ()
- (c) negatively related to both income and interest ()

9. According to the neo-classical economists, interest is

- (a) the price for the use of loanable funds ()
- (b) the reward for parting with liquidity ()
- (c) payment for the use of capital goods ()

10. Keynesian theory of interest is also known as

- (a) loanable funds theory ()
- (b) modern theory of interest ()
- (c) liquidity preference theory ()

(4)

SECTION—B

(Marks : 15)

Write short notes/Answer the following question : 3×5=15

1. Green accounting

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(5)

2. Autonomous and induced investment

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(6)

3. Gross and net interest

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4. Say's law of market

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(8)

5. Calculate the value of an MPC from the following table :

<i>Income</i>	<i>Consumption expenditure</i>
150	100
200	125

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