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(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) $\frac{Y}{C}$ ()
 - (b) $\frac{C}{Y}$ ()
 - (c) $\frac{S}{Y}$ ()
- 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

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