



Ba/Eco-301

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2020

(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 various methods of measuring the national income of a country. 9

Or

Explain the concept of circular flow of income accounting. 9

2. Define effective demand. Explain how effective demand influences the level of employment and output. 3+6=9

12-21/60a

(Turn Over)

(2)

Or

Explain the classical theory of employment. 9

Critically explain the relative income hypothesis theory. 9

Or

Define consumption function. Explain the factors determining consumption function. 3+6=9

Give a critical explanation on the liquidity preference theory of interest. 9

Or

Critically explain the loanable funds theory of interest. 9

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

Or

Explain the general equilibrium with the help of the IS and LM curves. 9

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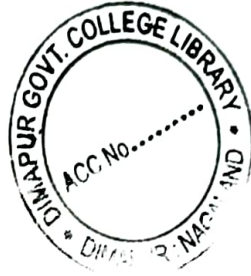
ECONOMICS

Paper No. : ECO-301

(Macroeconomics—I)

(PART : A—OBJECTIVE)

(Marks : 25)



The figures in the margin indicate full marks for the questions

A. Put a Tick mark against the correct answer in the box provided : 1×10=10

1. National income is

- (a) income of the government
- (b) budget of the government
- (c) sum total of factor incomes
- (d) profits of the public undertaking

2. Who developed the flow of funds accounting?

(a) W. C. Mitchell

(b) Morris A. Copeland

(c) R. W. Smith

(d) Robert Lipsey

3. Who is the author of the book, *General Theory of Employment, Interest and Money*?

(a) Duesenberry

(b) Ricardo

(c) J. M. Keynes

(d) Adam Smith

4. 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 elements

(d) Absence of general overproduction

(3)

5. The consumption function which is not influenced by current income is

- (a) induced consumption
- (b) autonomous consumption
- (c) consumption spending
- (d) None of the above

6. The consumption function shows the relationship between consumer expenditure and

- (a) interest rate
- (b) tax rate
- (c) savings
- (d) disposable income

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

- (a) Saving-investment theory
- (b) Loanable funds theory
- (c) Liquidity preference theory
- (d) Modern theory

8. The demand schedule for loanable funds includes
- (a) savings
 - (b) created money
 - (c) dissavings
 - (d) idle balances
9. An increase in investment will shift
- (a) the IS curve upward to the right
 - (b) the IS curve downward to the left
 - (c) the LM curve upward to the left
 - (d) the LM curve downward to the right
10. According to Keynes, investment depends upon
- (a) production
 - (b) consumption
 - (c) output
 - (d) business expectations

(5)

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

1. In the accounting sense, the BOP remains in a state of balance.

(T / F)

2. According to Say's law, unemployment can be removed by rise in wages.

(T / F)

3. MPC is positive by less than one.

(T / F)

4. The classical theory of interest assumes full employment of resources.

(T / F)

5. The operation of multiplier is adversely affected by imports.

(T / F)

(6)

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

1. Social accounting

2. Distinguish between national income at factor cost and national income at market price.
3. Say's law of markets.
4. Investment multiplier
5. Factor influencing MEC
6. Proposition of Keynes psychological law of consumption.
7. MPC.
8. Autonomous investment.