Ba/Eco-301 (N)

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(3rd Semester)

ECONOMICS

Paper No. : ECO-301

(Macroeconomics—I)

(New Course)

Full Marks : 70   Pass Marks : 45%

Time : 3 hours

(PART : B—DESCRIPTIVE)

(Marks : 45)

The questions are of equal value

UNIT—1

1. Discuss the concepts and factors determining national income with the importance of the study of national income.

Or

Define social accounting Discuss the BOP account technique in social accounting.

UNIT—2

2. "Supply creates its own demand." Explain the statement with its implications and criticisms.

Or

Discuss the Keynesian theory of determination of equilibrium level of income and employment.

UNIT—3

3. Define short-run and long-run consumption function. Explain the factors influencing average and marginal propensity to consume.

Or

Explain Keynes psychological law of consumption with its implications.

UNIT—4

4. Define rate of interest. Explain the classical views on interest with criticisms.

Or

Use IS-LM framework to explain the joint determination of the rate of interest and the level of income.

UNIT—5

5. What is marginal efficiency of capital? Explain factors affecting marginal efficiency of capital.

Or

What is investment? Distinguish between induced investment and autonomous investment.

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Paper No. : ECO–301

(**Macroeconomics—I**)

(New Course)

(PART : A—OBJECTIVE)

(*Marks* : 25)

The figures in the margin indicate full marks for the questions
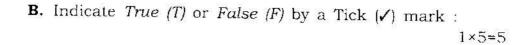
SECTION—I

(*Marks* : 15)

A. Put a Tick (✓) mark against the correct answer in the brackets provided : $1 \times 10 = 10$

1. National Income is

(a) NDPfc + Net Factor Income from Abroad ( )

(b) GNPmp + Net Factor Income from Abroad ( )

(c) NDPmp – Net Factor Income from Abroad ( )

(d) All of the above ( )

2. The money value of all final goods and services produced in an accounting year obtained by using the current year market prices is known as

   (a) nominal GNP ( )

   (b) real GNP ( )

   (c) GDP at market prices ( )

   (d) GNP at factor cost ( )

3. Closed laissez-faire capitalist economy without foreign trade is the postulate of

   (a) classical economic theory ( )

   (b) neo-classical economic theory ( )

   (c) modern economic theory ( )

   (d) Keynesian economic theory ( )

4. The sum of consumption expenditure and investment expenditure in Keynesian theory gives us

   (a) aggregate demand ( )

   (b) aggregate supply ( )

   (c) effective demand ( )

   (d) None of the above ( )

5. Every individual consumption behaviour is not independent but inter-dependent of the behaviours of every other individual is stated by

   (a) Ducsenberry ( )

   (b) Keynes ( )

   (c) J. B. Say ( )

   (d) None of them ( )

6. According to Keynesian psychological law of consumption

   (a) marginal propensity to consume is more than one ( )

   (b) marginal propensity to consume is less than one ( )

   (c) marginal propensity to consume is equal to one ( )

   (d) marginal propensity to consume is equal to zero ( )

7. The demand for money which arises in order to meet the emergency and unexpected future contingencies is known as

   (a) transaction demand for money ( )

   (b) speculative demand for money ( )

   (c) precautionary demand for money ( )

   (d) None of the above ( )

8. The lateral summation of saving curve (S), dis-hoarding curve (DH), bank money curve (BM) and dis-investment curve (DI) gives us

   (a) aggregate demand of loanable funds ( )

   (b) aggregate supply of loanable funds ( )

   (c) loanable funds ( )

   (d) None of the above ( )

9. The highest rate of return over cost expected from the marginal or additional unit of a capital asset is known as

   (a) marginal efficiency of capital ( )

   (b) prospective yield ( )

   (c) supply prise ( )

   (d) investment ( )

10. Increase in investment is due to increase in current level of income is called as

    (a) autonomous investment ( )

    (b) induced investment ( )

    (c) investment multiplier ( )

    (d) None of the above ( )

B. Indicate *True (T)* or *False (F)* by a Tick (✓) mark :

1×5=5

1. The tendency of the people to hold idle cash balance is known as hoarding.

(T / F)

2. If the demand for the product is expected to decline in future, the MEC will be low and investment will fall.

(T / F)

3. The LM curve shows the equality of demand for money and supply of money at various combinations of rate of interest and income.

(T / F)

4. The consumers' tendency to move constantly towards a higher consumption level and to imitate the consumption pattern of others is ratchet effect.

(T / F)

5. Say's law of market states that demand creates its own supply.

(T / F)

SECTION—II

(*Marks* : 10)

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

1. Difficulties in estimation of National Income

2. Aggregate demand function

3. Demonstration effect

4. Average and marginal propensity to consume

5. Liquidity trap

6. Induced investment

7. Green accounting

8. Factors determining consumption function

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