

2024

(CBCS)

(3rd Semester)

**ECONOMICS**

THIRD PAPER

**( Macroeconomics—I )**

Full Marks : 75

Time : 3 hours

*The figures in the margin indicate full marks for the questions***( SECTION : A—OBJECTIVE )**

( Marks : 10 )

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

1×10=10

1. The equation  $Y = C + I + G + NX$  indicated that the economy is

(a) open economy ( ) (b) closed economy ( )

(c) capitalist economy ( ) (d) mixed economy ( )

2. \_\_\_\_\_ is the money value of all final goods and services produced calculated using base year price.

(a) Nominal GDP ( ) (b) Real GDP ( )

(c) Disposable income ( ) (d) Current income ( )

3. Underemployment equilibrium is possible as per

(a) classical view ( )

(b) Keynesian view ( )

(c) neo-classical view ( )

(d) monetarist view ( )

4. According to Keynes, the level of employment is determined by  
 (a) effective wage ( ) (b) effective price ( )  
 (c) effective supply ( ) (d) effective demand ( )
5. Consumption function is  
 (a) a functional relationship between income and saving ( )  
 (b) a functional relationship between income and consumption ( )  
 (c) a functional relationship between consumption and saving ( )  
 (d) a functional relationship between consumption and investment ( )
6. Average propensity to consume (APC) is  
 (a)  $\Delta C / \Delta Y$  ( ) (b)  $C / Y$  ( )  
 (c)  $\Delta S / \Delta Y$  ( ) (d)  $S / Y$  ( )
7. When the volume of investment increases, the MEC tends to  
 (a) decrease ( ) (b) increase ( )  
 (c) remain constant ( ) (d) move upwards ( )
8. Ex-post saving means  
 (a) intended saving ( ) (b) planned saving ( )  
 (c) desired saving ( ) (d) actual saving ( )
9. The classical theory of interest is also known as  
 (a) real interest rate theory ( )  
 (b) monetary interest rate theory ( )  
 (c) loanable funds interest rate theory ( )  
 (d) profitable interest rate theory ( )
10. Demand for money arises because of three motives, they are  
 (a) saving motive, consumption motive and bank deposit motive ( )  
 (b) transaction motive, consumption motive and saving motive ( )  
 (c) transaction motive, precautionary motive and speculative motive ( )  
 (d) business motive, consumption motive and purchase motive ( )

**( SECTION : B—SHORT ANSWERS )**

( Marks : 15 )

Write short notes on the following :

3×5=15

UNIT—I

1. Gross National Product (GNP)

**OR**

2. Personal income

UNIT—II

3. Say's law of market

**OR**

4. Effective demand

UNIT—III

5. Marginal propensity to consume (MPC)

**OR**

6. Consumption function

UNIT—IV

7. Investment multiplier

**OR**

8. Concept of present discounted value

UNIT—V

9. Concept of gross interest

**OR**

10. Concept of net interest

( SECTION : C—DESCRIPTIVE )

( Marks : 50 )

Answer the following :

10×5=50

UNIT—I

1. Explain the circular flow of income in a three-sector model. 10

**OR**

2. Explain the various methods of measurement of national income. What are the major difficulties in the estimation of national income? 7+3=10

UNIT—II

3. Critically discuss the classical theory of employment. 10

**OR**

4. Explain Keynesian theory of employment in terms of the principle of effective demand. 10

UNIT—III

5. Explain the concept and working of multiplier in the economy. 3+7=10

**OR**

6. Critically explain Duesenberry's relative income hypothesis. 10

UNIT—IV

7. Define marginal efficiency of capital. What are the factors influencing marginal efficiency of capital? 2+8=10

**OR**

8. "Savings and investment are equal in equilibrium." Explain. 10

UNIT—V

9. Explain the neo-classical theory of interest. 10

**OR**

10. What is liquidity trap? State and explain Keynesian theory of interest. 3+7=10

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