



**Ba/Eco-301 (N)**

**2022**

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

**UNIT—I**

- 1. Explain the various concepts of national income.**

**9**

**OR**

- 2. Discuss the concept of circular flow of income accounting.**

**9**

( 2 )

UNIT—II

3. Explain the classical theory of employment with its assumptions. 9

**OR**

4. Define aggregate demand. Explain the principle of effective demand. 3+6=9

UNIT—III

5. What is a consumption function? What are the determining factors of consumption function? 2+7=9

**OR**

6. Explain the relative income hypothesis. What are its limitations? 6+3=9

UNIT—IV

7. Explain the liquidity preference theory of interest. 9

**OR**

8. Critically explain the modern theory of interest. 9

( 3 )

UNIT—V

9. Define investment multiplier. Explain the working of the investment multiplier.  $2+7=9$

**OR**

10. Explain the general equilibrium with the help of *IS-LM* curves. 9

★ ★ ★

**2 0 2 2**

( 3rd Semester )

**ECONOMICS**

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 : 1×10=10

1. Mixed income of the self-employed refers to

- (a) gross profits received by proprietors ( )
- (b) wages due to family workers ( )
- (c) rent, interest and profit of an enterprise ( )
- (d) combined factor payments which are not distinguishable ( )

2. Which of the following shows the relationship between the circular flow of goods and income?
- (a) Income and money ( )
  - (b) Wages and salaries ( )
  - (c) Firms and households ( )
  - (d) Goods and services ( )
3. The classical economists assume the existence of
- (a) full employment equilibrium ( )
  - (b) underemployment equilibrium ( )
  - (c) cyclical unemployment equilibrium ( )
  - (d) None of the above ( )
4. Keynesian economics becomes popular because it was able to explain
- (a) stagflation in the late 1970s ( )
  - (b) demand-pull inflation in the 1960s ( )
  - (c) low growth rates in the 1950s ( )
  - (d) the prolonged existence of high unemployment during the great depression ( )

5. Keynes emphasized on which of the following while explaining the level of employment?
- (a) Changes in technology ( )
  - (b) Aggregate demand ( )
  - (c) Inflationary expectations ( )
  - (d) Lending by financial institutions ( )
6. When there is an increase in MPC, then it will
- (a) shift the consumption function upwards ( )
  - (b) shift the consumption function downwards ( )
  - (c) shift the saving function upwards ( )
  - (d) lead to the consumption function becoming steeper ( )
7. Which of the following is called the neo-classical theory of interest?
- (a) Loanable funds theory ( )
  - (b) Time preference theory ( )
  - (c) Liquidity preference theory ( )
  - (d) Keynesian theory ( )

8. According to Keynes, the interest is determined by
- (a) aggregate demand and aggregate supply ( )
  - (b) the supply and demand for loanable funds ( )
  - (c) the supply and demand for money ( )
  - (d) the supply and demand for labour ( )
9. The factor that adversely affects the operation of multiplier is
- (a) involuntary unemployment ( )
  - (b) imports ( )
  - (c) industrial economy ( )
  - (d) elastic supply of capital and other factors ( )
10. The *LM* curve shows the equilibrium condition of
- (a) money market ( )
  - (b) goods market ( )
  - (c) product market ( )
  - (d) money and goods market ( )



( 5 )

**B.** Indicate whether the following statements are *True (T)* or *False (F)* by putting a Tick (✓) mark :

1×5=5

1. Gross domestic product includes net income from abroad.

( T / F )

2. Aggregate demand is the sum of consumption expenditure and investment expenditure.

( T / F )

3. Marginal propensity to consume is positive but less than 1.

( T / F )

4. Modern theory of interest assumes full employment of resources.

( T / F )

5. Induced investment is income elastic.

( T / F )



( 6 )

SECTION—II

( Marks : 10 )

C. Write short notes on any *five* of the following :  $2 \times 5 = 10$

1. Technique of social accounting

2. Nature of double entry

3. Keynes' objection to the classical theory of income and employment

4. Short-run consumption function

5. Autonomous investment

6. Marginal efficiency of capital

7. Classical view on interest



8. Loanable funds theory of interest

★ ★ ★