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(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

Or

Explain the classical theory of employment. 9

3. Critically explain the relative income hypothesis theory. 9

Or

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

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

Or

Critically explain the loanable funds theory of interest. 9

5. 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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Subject Code : Ba/Eco-301

To be filled in by the Candidate

BA / BSc / BCom / BBA / BCA
3rd Semester End Term
Examination, **2020**

Subject

Paper

INSTRUCTIONS TO CANDIDATES

1. The Booklet No. of this script should be quoted in the answer script meant for descriptive type questions and vice versa.
2. This paper should be **ANSWERED FIRST** and submitted within **1 (one) Hour** of the commencement of the Examination.
3. While answering the questions of this booklet, any cutting, erasing, overwriting or furnishing more than one answer is prohibited. Any rough work, if required, should be done only on the main Answer Book. Instructions given in each question should be followed for answering that question only.

Booklet No. A

Date Stamp

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To be filled in by the Candidate

BA / BSc / BCom / BBA / BCA
3rd Semester End Term
Examination, **2020**

Roll No.

Regn. No.

Subject

Paper

DESCRIPTIVE TYPE

Booklet No. B

*Signature of
Scrutiniser(s)*

*Signature of
Examiner(s)*

*Signature of
Invigilator(s)*

Ba/Eco-301

2 0 2 0
(3rd Semester)

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)

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 ☐

(4)

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

(7)

2. Distinguish between national income at factor cost and national income at market price.

(8)

3. Say's law of markets

(9)

4. Investment multiplier

(10)

5. Factors influencing MEC

(11)

6. Propositions of Keynes psychological law of consumption

(12)

7. MPC

(13)

8. Autonomous investment

★ ★ ★