2026

(FYUGP)

(4th Semester)

ECONOMICS

(MAJOR)

Paper : EC4.CC8

(Intermediate Macroeconomics—I)

Full Marks : 75
Pass Marks : 40%

Time : 3 hours

The figures in the margin indicate full marks for the questions.

Answer **one** question from each Unit.

UNIT—I

1. Explain the fundamental psychological law of consumption and its implications. 15

2. Explain the Absolute Income Hypothesis of consumption. Bring out its main assumptions and limitations. 9+3+3=15

UNIT—II

3. Define Marginal Efficiency of Capital (MEC). Explain the method of measuring MEC with the help of a suitable example or diagram. 5+10=15

4. Explain the concept of investment multiplier. Discuss the relationship between the multiplier and accelerator. 10+5=15

UNIT—III

5. Explain the classical theory of interest. How is the rate of interest determined under this theory? 15

6. Elucidate Keynes' Liquidity Preference Theory of interest. 15

UNIT—IV

7. What is a business cycle? Explain the different phases of a business cycle with the help of a diagram. 5+10=15

8. Give an account on Kaldor's theory of trade cycle. 15

UNIT—V

9. Explain the meaning of an open economy. Discuss the short-run open economy model and its main components. 5+10=15

10. Explain the Mint Parity Theory of exchange rate determination. 15

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