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(NEP–2020)

(3rd Semester)

ECONOMICS (MAJOR/MINOR)

(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. GNP at market prices is expressed as

    (a) GDP at Market Prices – Net Income from abroad   (   )

    (b) GDP at Market Prices + Net Income from abroad   (   )

    (c) GDP at Market Prices + Net Income from abroad – Indirect
                                                        Taxes   (   )

    (d) GDP at Market Prices – Net Income from abroad + Subsidies
                                                                (   )

2. The sum of all incomes actually received by all individuals or households during a given year is

(a) transfer payments   (   )

(b) disposable personal income   (   )

(c) personal income   (   )

(d) all payments made to customers   (   )

3. The term 'involuntary unemployment' refers to a situation when

(a) the workers are not willing to work at all   (   )

(b) the workers who are willing to work under any conditions at any wage rate but they fail to get employment   (   )

(c) the workers are not willing to take up jobs because the employment conditions such as wage rate, location, etc., do not suit them   (   )

(d) the workers do not have the required skill to be employed   (   )

4. Classical theory assumes that

(a) unemployment   (   )   (b) underemployment   (   )

(c) full employment   (   )   (d) over full employment   (   )

5. According to the Keynesian theory, unemployment arises due to

(a) deficiency of effective demand   (   )

(b) efficiency of effective demand   (   )

(c) low quality of education   (   )

(d) failures of governance   (   )

6. Autonomous investment is

(a) interest elastic   (   )   (b) income elastic   (   )

(c) income inelastic   (   )   (d) profit elastic   (   )

7. In the Absolute Income Hypothesis, the amount of current consumption is determined by

   (a) current income   ( )   (b) current profit   ( )

   (c) current saving   ( )   (d) current investment   ( )

8. Multiplier (k) is the reciprocal of

   (a) 1–MPC   ( )   (b) 1–MPS   ( )

   (c) 1+MPS   ( )   (d) 1+MPC   ( )

9. Investment that is dependent on the level of income and the rate of interest is called

   (a) autonomous investment   ( )

   (b) induced investment   ( )

   (c) partial investment   ( )

   (d) investment expenditure   ( )

10. Investment multiplier (k) is calculated by

   (a) $k = \dfrac{1}{1-MPC}$ ( )   (b) $k = \dfrac{1}{1-MPS}$ ( )

   (c) $k = \dfrac{1}{1-APC}$ ( )   (d) $k = \dfrac{1-APC}{MPC}$ ( )

(SECTION : B—SHORT ANSWERS)

(Marks : 15)

Write short notes on *five* of the following, taking at least *one* from each Unit : 3×5=15

UNIT—I

1. Personal disposable income

2. Concept of Green Accounting

UNIT—II

3. Say's law of market

4. Full employment

UNIT—III

5. Difference between Average Propensity to Consume (APC) and Marginal Propensity to Consume (MPC)

6. Three propositions of Keynes' psychological law of consumption

UNIT—IV

7. Saving and investment equality

8. Difference between autonomous investment and induced investment

(SECTION : C—DESCRIPTIVE)

(Marks : 50)

Answer *five* of the following, taking at least *one* from each Unit :   10×5=50

UNIT—I

1. Define National Income. Explain briefly the various measurements of National Income.   2+8=10

2. What is circular flow of income? Explain the circular flow of income in three-sector economy.   3+7=10

UNIT—II

3. Critically explain the classical theory of employment.   10

4. Critically explain the determination of employment and income through the principle of effective demand.   10

UNIT—III

5. What is consumption function? Explain briefly the different factors affecting consumption in the economy.   3+7=10

6. Explain the Life Cycle Hypothesis of consumption function.   10

UNIT—IV

7. Explain and illustrate the concept of Marginal Efficiency of Capital (MEC). What are the different factors influencing marginal efficiency of capital?
6+4=10

8. Explain the concept of investment multiplier. Does the multiplier work effectively in an underdeveloped country?   6+4=10

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