

2015

ECONOMICS

(Major)

Paper : 1.2

(**Macroeconomics**)

Full Marks : 80

Time : 3 hours

The figures in the margin indicate full marks for the questions

1. Answer the following questions : 1×10=10

- (a) Mention one importance of National Income Accounting.
- (b) Define net national income.
- (c) Give an assumption of the classical theory of employment.
- (d) What is the relationship between multiplier and MPC?
- (e) "Supply creates its own demand." Who first made this statement?
- (f) State the fundamental law of consumption.

- (g) What is the meaning of accelerator?
- (h) "An increase in national income may not necessarily imply an increase in economic welfare."
Give an argument in favour of the above statement.
- (i) What is meant by the term 'super-multiplier'?
- (j) Give the meaning of marginal efficiency of capital.

2. Answer the following questions : 2×5=10

- (a) What measure is adopted to avoid double counting in estimating national income?
- (b) Give two implications of Keynes' psychological law of consumption.
- (c) Name the technical attributes of consumption function and define them.
- (d) Distinguish between autonomous investment and induced investment.
- (e) Mention two ways in which multiplier is important in the theory of employment.

3. Answer any four of the following questions :

5×4=20

- (a) Explain the product method of computing national income.
- (b) On what grounds did Keynes criticize the classical theory of employment?

- (c) What do you mean by aggregate demand function and aggregate supply function?
- (d) Briefly explain the circular flow of income in a two-sector economy.
- (e) Explain the determinants of inducement to invest.
- (f) Bring out the factors influencing the consumption function.

4. Answer any *four* of the following questions :

10×4=40

(a) Distinguish between the following :

4+3+3=10

- (i) National income at market prices and national income at factor cost
 - (ii) Net national product and net domestic product
 - (iii) Disposable income and personal income
- (b) What is meant by effective demand? Discuss its importance. 2+8=10
- (c) Write down the limitations of the principle of acceleration.
- (d) Explain the relationship between MEC and MEI.
- (e) Explain Keynes' theory of income determination.

(4)

- (f) Describe the principle of acceleration.
- (g) Explain the working of the multiplier.
Mention two limitations of the theory of multiplier. 8+2=10
- (h) Explain the interaction of multiplier and accelerator in the theory of income determination.

★ ★ ★