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**63/1 (SEM-1) CC2/ECOHC1026**

**2024**

**ECONOMICS**

Paper : ECOHC1026

***(Introductory Macroeconomics)***

*Full Marks : 80*

*Pass Marks : 32*

Time : Three hours

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

1. Choose the correct answer : ***(any six)***

***1×6=6***

***(a)*** Macroeconomics is concerned with

***(i)*** all consumers

***(ii)*** all producers

***(iii)*** general price level

***(iv)*** All of the above

- (b) NNP at market prices exceeds the NNP at factor costs by
- (i) indirect taxes
  - (ii) subsidies
  - (iii) net indirect taxes
  - (iv) All of the above
- (c) According to Fisher's quantity theory of money
- (i)  $MV = PT$
  - (ii)  $MV < PT$
  - (iii)  $MV > PT$
  - (iv)  $MV \neq PT$
- (d) The cash balance equation involves
- (i) income velocity of money
  - (ii) transaction velocity of money
  - (iii) expenditure velocity of money
  - (iv) All of the above

- (e) The state of liquidity trap occurs when the rate of interest is
- (i) minimum
  - (ii) maximum
  - (iii) zero
  - (iv) All of the above
- (f) Per capita income indicates
- (i) National Income  $\div$  Total Population
  - (ii) Total Population  $\div$  National Income
  - (iii) GDP  $\div$  Total Population
  - (iv) All of the above
- (g) Multiplier (K) indicates
- (i)  $K = \frac{\Delta Y}{\Delta I}$
  - (ii)  $K = Y/I$
  - (iii)  $K = \Delta I / \Delta Y$
  - (iv)  $K = \Delta Y - \Delta I$

(h) Macroeconomics is also known as

- (i) aggregate supply
- (ii) total demand
- (iii) aggregate economy
- (iv) current income

(i)  $APC = \underline{\hspace{2cm}}$

- (i)  $Y/C$
- (ii)  $C/Y$
- (iii)  $C - Y$
- (iv)  $Y - C$

(j) Keynesian theory is related to

- (i) short run
- (ii) long run
- (iii) seasonal
- (iv) market period

2. Answer the following questions : **(any five)**

2×5=10

(a) Define personal disposable income (PDI).

(b) Distinguish between National Income and Per capita Income.

(c) Draw the aggregate supply curve.

(d) Write the attributes of consumption function.

(e) How does effective demand determine employment?

(f) Mention *two* similarities between transaction approach and cash balance approach.

(g) Point out *two* assumptions of classical theory of employment.

3. Answer the following questions : **(any six)**  
5×6=30

(a) Explain the relationship between National income and human welfare.

(b) Discuss some problems in measuring National income.

(c) Mention Keynes' objections on the Say's Law of Markets.

(d) Discuss the failures of Keynes' Model of income and employment.

- (e) Define marginal efficiency of capital.
- (f) State and explain Marshall's cash balance equation in quantity theory of money.
- (g) Explain income methods of estimation of National income.
- (h) Explain liquidity trap situation with suitable diagram.
- (i) Describe the circular flow of income in a two sector economy.
- (j) Find out the relation between micro-economy and macroeconomy.
4. Answer the following questions : **(any two)**  
10×2=20
- (a) Explain how Keynes' theory of employment is an improvement over classical theory.
- (b) Discuss the consumption function and its properties.
- (c) Write clearly the income and expenditure methods of measuring national product.

- (d) Diagrammatically represent the Keynes' Motives of Demand for Money.

5. Answer the following questions : **(any one)**  
14×1=14

- (a) Critically examine that National Income is a good measure of economic welfare.
- (b) Explain Fisher's quantity theory of money.
- (c) Why is "effective demand" so important in Keynes' theory of employment? Justify.
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