

**2020/TDC(CBCS)/ODD/SEM/  
ECODSC/GE-301T/456A**

**TDC (CBCS) Odd Semester Exam., 2020  
held in March, 2021**

**ECONOMICS  
( 3rd Semester )**



Course No. : ECODSC/ECOGE-301T

**( Principles of Macroeconomics-I )**

Full Marks : 70

Pass Marks : 28

Time : 3 hours

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

**SECTION—A**

Answer any *twenty* of the following questions :

1×20=20

1. Who are the macroeconomic decision makers?
2. What do you mean by economic agents?
3. Who is the author of *The General Theory of Employment, Interest and Money*?

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( Turn Over )

4. What is circular flow of income?
5. Define leakages.
6. Write two examples of injections.
7. Why is macroeconomics also known as 'Theory of Income and Employment'?
8. State one basic principle of circular flow of income.
9. Who are called normal residents of a country?
10. Define net factor income from abroad.
11. What is net indirect tax?
12. How does  $GDP_{MP}$  differ from  $NDP_{MP}$ ?
13. Name two methods of estimating national income.
14. Why are transfer payments not included in national income?
15. Define depreciation.
16. What is called domestic territory?

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17. State Keynes' psychological law of consumption.
18. Define propensity to consume.
19. What is autonomous consumption?
20. Write the relation between APC and APS.
21. Give the meaning of ex-ante investment.
22. Define aggregate expenditure.
23. Can consumption expenditure be greater than income?
24. What is the value of multiplier when MPC is zero?
25. Write two examples of indirect tax.
26. Point out one distinction between plan expenditure and non-plan expenditure.
27. What is fiscal policy?
28. Define net exports.

29. Is government expenditure a component of aggregate spending?
30. What is called a balanced budget?
31. Define a compensatory fiscal policy.
32. What type of budget is to be adopted to fight inflation?
33. Name the two components of money supply.
34. What is money multiplier?
35. Write the purposes for which people demand money.
36. How is speculative demand for money related to rate of interest?
37. What is liquidity trap?
38. Who has developed the liquidity preference theory of interest?
39. Name one instrument of monetary policy.
40. What is CRR?

SECTION—B

Answer any *five* of the following questions :  $2 \times 5 = 10$

**41.** Name four major sectors of an economy from macro point of view.

**42.** Distinguish between money flow and real flow with the help of an example.

**43.** Point out two differences between nominal national income and real national income.

**44.** Write two distinctions between factor income and transfer income.

**45.** Mention two determinants of investment.

**46.** Prove that  $MPC + MPS = 1$ .

**47.** What is called net exports function?

**48.** Point out two limitations of fiscal policy.

**49.** How is transaction demand for money related to level of income?

**50.** Point out two objectives of a monetary policy.

SECTION—C

Answer *any five* questions

**51.** Explain the circular flow of income in a three-sector economy. 8

**52.** “Macroeconomics is the study of economy as a whole.” What are the variables that figure in the study of economy as a whole? 8

**53.** Describe the value-added method of estimating national income. Point out two difficulties of the approach. 6+2=8

**54.** “GDP is not always index of economic welfare.” Explain the statement with reasons. 8

**55.** (a) Point out four specific features of a saving function.

(b) Given the autonomous consumption of an individual is ₹ 500 and his personal disposable income is ₹ 5000. If his MPC is 0.8, find out the level of consumption. 4+4=8

**56.** (a) Explain the working of multiplier.

(b) Point out four features of an investment multiplier. 4+4=8

57. Describe the role of fiscal policy in achieving economic growth and in stabilising the economy. 8
58. What kind of fiscal policy is suitable for controlling inflation? Write the necessary conditions for fiscal policy to control inflation effectively. 8
59. Explain the role of money in a modern economy. 8
60. Describe in brief the different instruments of monetary policy. 8

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