

**2021/TDC/CBCS/ODD/ECODSC/
GE-301T/456A**

**TDC (CBCS) Odd Semester Exam., 2021
held in March, 2022**

ECONOMICS

(3rd Semester)

Course No. : ECODSC/GE-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. Why is macroeconomics also known as the 'theory of income and employment'?
2. State two flows that take place between the government and firms.

3. Define macroeconomic variables.
4. What do you mean by a macroeconomic paradox?
5. Write two examples of 'leakages' from the circular flow of income.
6. How does GDP_{MP} differ from NDP_{MP} ?
7. Define expenditure method of estimating national income.
8. Define personal disposable income.
9. What is final consumption expenditure?
10. What are subsidies?
11. What do you mean by potential GDP?
12. What is aggregate demand?

13. Define marginal propensity to consume.
14. What is autonomous investment?
15. If the value of MPS is 0.3, what is the value of MPC?
16. Define fiscal policy.
17. Define the concept of net export function.
18. What do you mean by open economy?
19. Define contractionary fiscal policy.
20. What do you mean by economic stability?
21. Define money in the functional sense.
22. Write the purposes for which people demand money.

23. State the Marshallian cash balance equation giving the meaning of the variables.
24. What is meant by credit creation?
25. What is cash reserve ratio?

SECTION—B

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

26. What happens to circular flow of income when leakages are more than injections?
27. Distinguish between money flow and real flow with the help of examples.
28. How can the problem of double counting be avoided?
29. Distinguish between factor income and transfer income.

30. Explain the relationship between multiplier and marginal propensity to consume.
31. Mention two determinants of investment.
32. Mention two instruments of fiscal policy.
33. Point out the limitations of fiscal policy.
34. What are the determinants of supply of money?
35. Write two instruments of monetary policy.

SECTION—C

Answer any *five* of the following questions : $8 \times 5 = 40$

36. Define macroeconomics. Discuss its nature and scope. $2+3+3=8$
37. Explain the circular flow of income in a three-sector economy.

38. Describe the value-added method of estimating national income. Mention two difficulties of this approach. $6+2=8$
39. Bring out the importance and significance of national income estimates in modern economic analysis.
40. What do you mean by consumption function? Explain the factors influencing consumption function. $2+6=8$
41. Explain the concept of investment multiplier. How is it related to MPC and MPS? $5+3=8$
42. Explain the impact of changes in government expenditure in achieving economic growth.
43. Explain how net export function affects the equilibrium level of income in an open economy.

44. Liquidity preference and money supply together determine rate of interest. Explain.
45. Explain briefly the different objectives of monetary policy.
