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2 SEM TDC ECOH (CBCS) C 3

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(May)

ECONOMICS

(Core)

Paper : C-3

(Introductory Macroeconomics)

Full Marks : 80

Pass Marks : 32

Time : 3 hours

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

1. Answer the following as directed : 1×8=8

(a) Name the economist who propounded the word 'Macro' for the first time.

(b) In an economy there are flows related to

(i) goods

(ii) services

(iii) money receipts and payments

(iv) All of the above

(Choose the correct answer)

(c) What is transaction motive of demand for money?

(d) The relation between velocity of money V and coefficient K is

(i) $V = K$

(ii) $V = \frac{1}{K}$

(iii) $V > K$

(iv) $V < K$

(Choose the correct answer)

(e) What is credit multiplier?

(f) What is deflation?

(g) Keynes theory deals with

(i) full employment

(ii) under full employment

(iii) over full employment

(iv) All of the above

(Choose the correct answer)

(h) Name one factor that brings shifts in the IS curve function.

2. Write short notes on any *four* of the following
(**within 150 words** each) :

4×4=16

(a) Micro-and macroeconomics

(b) Difficulties of estimating national income

- (c) The Keynesian liquidity trap
- (d) Stages of trade cycle
- (e) Product market equilibrium

Answer the following questions (**within 500 words** each) :

3. (a) Explain the scope and importance of macroeconomic analysis. 6+6=12

Or

- (b) Explain the concepts of the following : 2×6=12

- (i) Real and nominal GDP
- (ii) NNP at market price and NNP at factor cost
- (iii) Private income and personal income
- (iv) Net factor income from abroad (NFIA)
- (v) GDP deflator
- (vi) Per capita income

4. (a) Explain the income and expenditure methods of measuring GDP. Mention their merits and demerits. 7+4=11

Or

- (b) Explain the circular flow of income in a two-sector economy. In what way injections and leakages influence the level of economic activity? $7+4=11$

5. (a) Explain different versions of cash balance approaches to the quantity theory of money. 11

Or

- (b) What is meant by money supply? How can it be controlled? $2+9=11$

6. (a) What are open and suppressed inflation? Explain various causes of inflation in a developing economy. $2+9=11$

Or

- (b) What is hyperinflation? Explain various causes and costs of hyperinflation. $3+4+4=11$

7. (a) Critically explain the classical theory of employment. How is full employment ensured in the classical theory? $7+4=11$

Or

- (b) What is LM curve? Show the relationship between interest rate and income with the help of LM curve. How is LM curve affected by fiscal and monetary policy? $2+4+5=11$

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