

Total No. of Printed Pages—4

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(June/July)

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 : $1 \times 8 = 8$

(a) NNP at market prices exceeds the NNP
at factor costs by

(i) indirect taxes

(ii) subsidies

(iii) depreciation

(iv) net indirect taxes

(Choose the correct answer)

(b) What is meant by leakages or
withdrawals from circular flow of
income?

(c) Which of the following is static function of money?

- (i) Medium of exchange
- (ii) Standard of deferred payment
- (iii) Store of value
- (iv) Basis of credit money

(Choose the correct answer)

(d) What is high-powered money?

(e) What do you mean by open inflation?

(f) Which of the following is the basic assumption of Keynesian theory?

- (i) Short-term analysis
- (ii) Less than full employment
- (iii) Both (i) and (ii)
- (iv) Full employment

(Choose the correct answer)

(g) One reason for shifting in the LM curve is _____.

(Fill in the blank)

(h) According to monetarist approach, the BOP deficit can be removed by

- (i) reduction in money supply
- (ii) increase in money supply
- (iii) Neither of them

(Choose the correct answer)

2. Write short notes on any *four* of the following
(**within 150 words** each) : $4 \times 4 = 16$

- (a) Scope and significance of macro-economics
- (b) National income identities for an open economy
- (c) The Keynesian liquidity trap
- (d) Costs of hyperinflation
- (e) Monetary multipliers

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

3. (a) "Macroeconomics deals not with individual quantities as such but with aggregates of these quantities, not with individual incomes but with the national income, not with individual prices but with the general price level, not with individual outputs but with the national output." Explain the statement. 12

Or

(b) Explain the following concepts : $2 \times 6 = 12$

- (i) GNP at market price and factor cost
- (ii) Private income, personal income and per capita income
- (iii) Real GDP versus Nominal GDP
- (iv) GDP deflator
- (v) Depreciation
- (vi) National income

4. (a) Explain the income and expenditure methods of measurement of national income. Mention their advantages and disadvantages. 6+5=11

Or

- (b) What is circular flow? Explain the circular flow of income and expenditure in a four-sector economy. 2+9=11

5. (a) Explain Friedman's restatement of the quantity theory of money. 11

Or

- (b) Critically explain Keynesian theory of demand for money.

6. (a) Write the meaning of inflation. Explain the anti-inflationary measures adopted by the Central Bank of India. 2+9=11

Or

- (b) What do you mean by trade cycle? Write the features of trade cycle. Explain the various stages of trade cycle. 2+3+6=11

7. (a) Write the meaning of effective demand. Explain the determination of effective demand with the help of appropriate diagram. 2+9=11

Or

- (b) What are IS and LM curves? Show how IS and LM curves can be used to explain macroeconomic equilibrium. 2+9=11
