

2020

ECONOMICS

(Major)

Course : 201

(**Macroeconomics**)

Full Marks : 80

Pass Marks : 32/24

Time : 3 hours

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

1. Choose the correct option : 1×8=8

(a) In India, national income is estimated
by the

- (i) Finance Commission of India
- (ii) Planning Commission of India
- (iii) Central Statistical Organization
- (iv) Central Government of India

(b) Average propensity to consume is

- (i) $\frac{\Delta C}{\Delta Y}$
- (ii) $\frac{C}{Y}$
- (iii) $\frac{\Delta Y}{\Delta C}$
- (iv) $\frac{Y}{C}$

(c) $\left(1 - \frac{C}{Y}\right)$ means

- (i) APC
- (ii) APS
- (iii) MPC
- (iv) MPS

- (d) According to life cycle hypotheses, relationship between current income and consumption is
- (i) direct and proportionate
 - (ii) indirect and non-proportionate
 - (iii) indirect
 - (iv) direct
- (e) The 'money market' is in equilibrium when
- (i) demand for money = supply of money
 - (ii) saving = investment
 - (iii) national income = consumption
 - (iv) investment = output
- (f) In accounting sense, BOP is
- (i) always deficit
 - (ii) always surplus
 - (iii) always balance
 - (iv) All of the above
- (g) Devaluation _____ the cost of a country's exports.
- (i) increases (ii) reduces
 - (iii) stabilizes (iv) balances
- (h) Liquidity trap implies
- (i) situation of inflation
 - (ii) situation of depression
 - (iii) situation of deflation
 - (iv) All of the above

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

- (a) Importance of macroeconomics
- (b) Role of autonomous investment in capitalism
- (c) Relationship between consumption and investment
- (d) Devaluation
- (e) Instruments of monetary policy

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

3. (a) What is national income? How far is it important in modern economic analysis? Discuss the limitations of estimating national income. 2+5+5=12

Or

(b) Discuss with diagram the circular flow of national income in a two-sector economy. 12

4. (a) Discuss the Keynesian theory of employment. Discuss the relevance of this theory for the developing countries. 8+3=11

Or

(b) Discuss the Say's Law of Markets in the light of money market and product market equilibrium. 11

5. (a) (i) Illustrate the concept of consumption function diagrammatically. 6
(ii) What is aggregate demand? Explain the components of aggregate demand. 1+4=5

Or

- (b) What is investment? What are its determinants? Explain the concepts of marginal efficiency of capital (MEC) and marginal efficiency of investment (MEI). 3+8=11

6. (a) Derive the IS and LM functions. How do they determine equilibrium income and interest rate? 5+6=11

Or

- (b) Discuss the effectiveness of monetary and fiscal policies in the IS and LM framework. 11

7. (a) What is balance of payments? What are its compositions? How is balance of payments always in balance? 2+6+3=11

Or

- (b) Explain the current and capital account in the balance of payments (BOP). Discuss the basic accounting rule. 7+4=11
