



**2022/TDC/ODD/SEM/
ECODSC/GE-301T/456A**

TDC (CBCS) Odd Semester Exam., 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*

UNIT—I

1. Answer any four of the following questions :

1×4=4

- (a) Define macroeconomics.
- (b) What is a macroeconomic paradox?
- (c) Who are economic agents?
- (d) Define stock.
- (e) Write two examples of flow.



(2)

2. Answer any one of the following questions : 2
- (a) Mention two aspects of circular flow of income.
- (b) Give two illustrations of interdependence between micro-economics and macroeconomics.
3. Answer any one of the following questions : 8
- (a) (i) Distinguish between micro-economics and macroeconomics with suitable examples. 4
- (ii) Why do we need a separate theory of macroeconomics? 4
- (b) (i) Explain the working of a two-sector circular flow model with a financial system. 4
- (ii) State the significance of circular flow model. 4

UNIT—II

4. Answer any four of the following questions : 1×4=4
- (a) Define NNP_{MP} .
- (b) What is consumption of fixed capital?

J23/273

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(3)

- (c) Write two examples of transfer payments.
- (d) When is GDP of an economy equal to its GNP?
- (e) What is gross national disposable income?
5. Answer any one of the following questions : 2
- (a) Define GDP deflator. How is it calculated?
- (b) Point out two distinctions between nominal national income and real national income.
6. Answer any one of the following questions : 8
- (a) (i) Distinguish between final goods and intermediate goods with the help of examples. 3
- (ii) Calculate NNP_{MP} from the following : 5
- (1) Domestic income = 3500
- (2) Excise duties = 200
- (3) Consumption of fixed capital = 400
- (4) Subsidies = 100
- (5) NFIA = (-100)

J23/273

(Turn Over)



(4)

- (b) (i) Explain the income method of estimating national income. 5
(ii) Point out three precautions that need to be taken while calculating national income using expenditure method. 3

UNIT—III

7. Answer any four of the following questions : 1×4=4

- (a) Define propensity to consume.
(b) What is the value of MPS when MPC is zero?
(c) Can the value of APC greater than one?
(d) Define a consumption function.
(e) What is autonomous investment?

8. Answer any one of the following questions : 2

- (a) Prove that $MPC + MPS = 1$.
(b) Write two features of multiplier.

9. Answer any one of the following questions : 8

- (a) (i) Write three factors influencing the consumption function. 3

J23/273

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(5)

- (ii) Explain the working of investment multiplier with the help of an example. 5
(b) (i) It is planned to increase national income by ₹ 1,000 crores. How much increase in investment is required to achieve this goal? Assume that MPC is 0.6. 4
(ii) Write in brief the different components of aggregate expenditure of an economy. 4

UNIT—IV

10. Answer any four of the following questions : 1×4=4

- (a) What is called fiscal policy?
(b) Define an open economy.
(c) What is net export?
(d) Write one instrument of fiscal policy.
(e) What is called economic stability?

11. Answer any one of the following questions : 2

- (a) Point out two limitations of fiscal policy.
(b) Distinguish between open economy and closed economy.

J23/273

(Turn Over)



(6)

12. Answer any *one* of the following questions : 8

- (a) Analyze the effect of government expenditure and taxation upon income.
- (b) Describe how net export function affects the equilibrium income in an open economy.

UNIT—V

13. Answer any *four* of the following questions : 1×4=4

- (a) What is transaction demand for money?
- (b) Who has developed the liquidity preference theory?
- (c) Point out one objective of monetary policy.
- (d) How is speculative demand for money related to rate of interest?
- (e) What is liquidity trap?

14. Answer any *one* of the following questions : 2

- (a) Point out two functions of money in a modern economy.
- (b) Write two determinants of supply of money.

(7)

15. Answer any *one* of the following questions : 8

- (a) Critically explain the liquidity preference theory of interest.
- (b) Describe in brief the different instruments of monetary policy.
