

**2024/FYUG/ODD/SEM/
ECODSC-102T/024**

FYUG Odd Semester Exam., 2024

ECONOMICS

(1st Semester)

Course No. : ECODSC-102T

(Introductory Macroeconomics)

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 *two* from the following : $2 \times 2 = 4$
- (a) Distinguish between money flow and real flow.
- (b) How is nominal GDP different from real GDP?
- (c) Consider that Mr. Sen sold his car for ₹ 50,000 and for that he paid dealer's fee of ₹ 1,000. Then justify whether the selling value and dealer's fee should be included in the GDP.
2. Answer any *one* from the following : 10
- (a) What do you mean by the problem of double counting? Discuss how the problem of double counting is resolved by value-added method. In this context, write down the steps of computing NNP_{FC} using value-added method.

$2+3+5=10$

J25/450

(Turn Over)

(2)

- (b) Discuss circular flow of national income in a three-sector economy. Mention the leakages of circular flow of income. $7+3=10$

UNIT—II

3. Answer any *two* from the following : $2 \times 2 = 4$

- (a) Write down the components of high-powered money.
(b) Draw a graph to show speculative demand for money.
(c) What do you mean by liquidity trap?

4. Answer any *one* from the following : 10

- (a) "Money supply of an economy depends on monetary base and money multiplier." Discuss.
(b) Discuss Keynes theory of liquidity preference theory. How is equilibrium in money market determined?

UNIT—III

5. Answer any *two* from the following : $2 \times 2 = 4$

- (a) Define aggregate demand at constant price.
(b) What is classical dichotomy?
(c) Distinguish between autonomous and induced consumption.

J25/450

(Continued)

(3)

6. Answer any *one* from the following : 10

- (a) Define investment multiplier. State the relationship between multiplier and MPC. Add a brief note on working of multiplier. $2+3+5=10$
(b) State and explain Say's law of market. What are the limitations of the law? $6+4=10$

UNIT—IV

7. Answer any *two* from the following : $2 \times 2 = 4$

- (a) What is inflationary gap?
(b) Define natural rate of unemployment.
(c) How can you distinguish demand-pull inflation from cost-push inflation seeing behaviour of output?

8. Answer any *one* from the following : 10

- (a) Explain Phillips trade-off between inflation and unemployment. Does this relation hold good in the long run? Justify.
(b) Distinguish between demand-pull inflation and cost-push inflation. Discuss the effects of inflation on different segments of a society. $5+5=10$

J25/450

(Turn Over)

(4)

UNIT—V

9. Answer any *two* from the following : $2 \times 2 = 4$
- (a) Distinguish between balance of trade and balance of payments.
 - (b) Mention two factors that determine exchange rate.
 - (c) How is devaluation different from depreciation?
10. Answer any *one* from the following : 10
- (a) What are the causes of disequilibrium in BOP? Suppose that a country has a current account deficit of \$ 9 million and a capital account surplus of \$ 11 million.
 - (i) Is the BOP in deficit or surplus?
 - (ii) If the Central Bank intervenes, does it buy or sell the home currency?
 - (iii) If the Bank does not intervenes, what will be the impact on the home exchange rate? $7 + (1 + 1 + 1) = 10$
 - (b) Discuss the determination of exchange rate by the free market forces. Make comment on the effectiveness of devaluation as an instrument for correcting BOP deficit. $6 + 4 = 10$

★ ★ ★

J25—2770/450

2024/FYUG/ODD/SEM/
ECODSC-102T/024