2 SEM TDC ECOH (CBCS) C 3

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(May/June)

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) The consumption of fixed capital is known as
   (i) depreciation
   (ii) capital formation
   (iii) investment
   (iv) All of the above

   (Choose the correct answer)

   (b) What is meant by 'injection' in circular flow of income?

   (c) Which of the following is not true of liquidity trap?
   (i) It is a condition that takes place at a very low rate of interest

       (Turn Over)

(2)

- (ii) An increase in the money supply could not affect the rate of interest
- (iii) It represents perfectly elastic demand for liquidity
- (iv) People prefer bonds instead of cash
  (Choose the correct answer)

(d) Speculative demand for money is said to be
- (i) interest elastic
- (ii) income elastic
- (iii) interest inelastic
- (iv) None of the above
  (Choose the correct answer)

(e) What do you mean by hyperinflation?

(f) On which factor Keynesian theory of employment depends?
- (i) Effective demand
- (ii) Supply
- (iii) Production efficiency
- (iv) None of the above
  (Choose the correct answer)

(g) The IS curve shows the combination of output and the real interest rate for which
- (i) the goods market is in equilibrium
- (ii) the labour market is in equilibrium
- (iii) the financial asset market is in equilibrium
- (iv) Both (i) and (ii)
  (Choose the correct answer)

(h) Fiscal policy is the policy related to

   (i) public revenue

   (ii) public debt

   (iii) public expenditure

   (iv) All of the above

   (Choose the correct answer)

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

   (a) GNP at market price and factor cost

   (b) Expenditure method of calculating national income

   (c) Inflation and deflation

   (d) Say's law of market

   (e) Functions of money

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

3. *(a)* Distinguish between micro- and macro-economics. Discuss the scope of macro-economics. 6+6=12

   Or

   (b) Do you consider national income or GDP as an indicator of economic welfare? Give arguments in support of your answer. 12

4. (a) Explain the value added method of computing GDP. Mention its advantages and disadvantages. 6+5=11

Or

(b) Explain the circular flow of income in four-sector economy. 11

5. (a) Discuss the Fisher's quantity theory of money. Mention its limitations. 8+3=11

Or

(b) What is meant by credit creation? Explain the process of credit creation by commercial bank. 2+9=11

6. (a) What is inflation? Explain dia-grammatically the demand pull inflation and cost push inflation. 1+5+5=11

Or

(b) What is trade cycle? Explain the various stages of trade cycle. 1+10=11

7. (a) Explain Keynesian theory of employment. 11

Or

(b) Diagrammatically show the derivation of IS and LM curves. Explain the general equilibrium with the help of IS-LM curve. 8+3=11

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