No. of Printed Pages—2

47B–N (MAC1)

[21 HRKP1S(N)–22A]

MA 1st Semester (New) Exam., 2021 (W)

ECONOMICS

(Macroeconomics—I)

[PGEC S1 02]

Full Marks : 70/80

Time : 3 hours

The figures in the margin indicate full marks for the questions

Note : *(a)* Learners admitted in 2020 and 2021 are to answer *70* Marks (Question Nos. **1** to **4**).

(b) Learners admitted in and before 2019 are to answer all the questions (Question Nos. **1** to **5**), i.e., for *80* Marks.

1. Answer any *five* from the following questions (each in around *50* words) : 2×5=10

(a) State the accelerator theory of investment.

(b) Mention two criticisms of the permanent income hypothesis.

(c) Define personal disposable income.

(d) State two cases of superiority of the cash balance approach over the transactions form of the quantity theory of money.

(e) Mention two assumptions of the classical theory of employment and income.

(f) Define Ratchet Effect.

2. Answer any *four* of the following questions (each in around *100* words) : 3×4=12

(a) Explain briefly the Cambridge Cash Balance Approach.

(b) What are the assumptions of the theory of acceleration?

(c) Discuss the postulates of the life-cycle hypothesis.

(d) What is meant by NNP at factor cost and at market price?

(e) State the implication of the Says' Law of Market.

3. Answer any *four* from the following questions (each in around *200* words) : 6×4=24

(a) Discuss briefly the implications of Keynes' Law of Psychological Consumption.

(b) What is meant by MEC? What are its determinants? 2+4=6

(c) Discuss in brief the Mundell-Fleming Model.

(d) What is meant by multiplier? Discuss the leakages of the multiplier. 2+4=6

(e) Discuss Friedman's Reformulation of the Quantity Theory of Money.

4. Answer any *three* from the following questions (each in around *250* words) : 8×3=24

(a) Discuss the goods and money market equilibrium in the IS-LM model with the help of appropriate diagrams.

(b) Define a balanced budget multiplier. Describe the concept of dynamic multiplier with the help of a hypothetical example. 2+6=8

(c) Explain in detail the importance of 'flow of fund accounts' of an economy.

(d) Discuss the Keynes' theory of income determination with an appropriate diagram.

The following question is *NOT* for the learners admitted in 2020 and 2021 batches :

5. Answer any *one* from the following questions (in around *300* words) : 10

(a) Write short notes on the following : 5×2=10

(i) Social accounting

(ii) Life-cycle hypothesis

(b) Answer the following questions : 5×2=10

(i) Describe Keynes' liquidity preference theory

(ii) Discuss the importance of the multiplier in developing countries.

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