

MA ECONOMICS
FIRST SEMESTER
MACRO ECONOMIC ANALYSIS-I
MEC - 102

Duration: 3 Hrs.

Marks: 70

PART : A (OBJECTIVE) = 20
PART : B (DESCRIPTIVE) = 50

[PART-B : Descriptive]

Duration: 2 Hrs. 40 Mins.

Marks: 50

[Answer question no. One (1) & any four (4) from the rest.]

1. Discuss the concept of *Investment Multiplier* and its role in the theory of income and employment. 10
2. What is economic welfare? Clarify its relation with a country's national income. 4+6=10
3. What is Circular Flow of Income? Explain the four-sector model of circular flow of income. 2+8=10
4. What is consumption function? Explain Keynes's *Psychological Law of Consumption*. 2+8=10
5. What do you understand by MEC and MEI? Discuss each elaborately. 5+5=10
6. Write short notes on: 5+5=10
 - a) The relation between high-powered money and money multiplier
 - b) Credit creation by commercial banks
7. Explain Keynes's *Liquidity Preference Theory*. Define *Liquidity Trap*. 6+4=10
8. Calculate National Income by income and expenditure method. 10

Sl. no.	Particulars	Rs. (Crores)
i.	Government final consumption expenditure	50
ii.	Rent	150
iii.	Opening stock	20
iv.	Interest	80
v.	Profit	70
vi.	Private final consumption expenditure	480
vii.	Gross fixed capital formation	90
viii	Closing stock	35
ix.	Net exports	-5
x.	Net indirect taxes	60
xi.	Compensation of employees	200
xii.	Consumption of fixed capital	20
xiii	Mixed income self-employed	50
xiv	Net factor income from abroad	20

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[PART-A : Objective]

Choose the correct answer from the following :

1×20=20

1. Which of the following is not an example of flow variable?
 - a. Number of births during a year
 - b. National wealth
 - c. National income
 - d. Wheat produced during a year
2. Real flow is also known as _____
 - a. Nominal flow
 - b. Physical flow
 - c. Money flow
 - d. Both a and b
3. In a closed economy _____ is not included
 - a. Households
 - b. Firms
 - c. Government
 - d. Foreign Sector
4. Which of the following is a stock?
 - a. Savings
 - b. Production
 - c. Consumption of fixed capital
 - d. Capital
5. Which of the following is an intermediate product?
 - a. Purchase of pulses by consumers
 - b. Machine purchased by a firm
 - c. Wheat used by a flour mill
 - d. Wheat used by household
6. Market price and Factor cost will be equal when there is _____
 - a. No direct tax
 - b. No indirect tax
 - c. No subsidy
 - d. No indirect tax and no subsidy
7. Which of the following is an example of intermediate goods?
 - a. Cars sold by a dealer of second hand cars
 - b. Steel and cement used to construct a fly-over
 - c. Fertilizers purchased by a farmer
 - d. All of these
8. Addition to the capital stock of an economy is termed as _____
 - a. Investment
 - b. Capital loss
 - c. Consumption of fixed capital
 - d. All of these
9. Out of the following, which aggregate represents National Income?
 - a. NNP_{MP}
 - b. GNP_{FC}
 - c. NNP_{FC}
 - d. GNP_{MP}
10. If factor income received from abroad is equal to factor income paid abroad, then which of the following is not a valid statement?
 - a. National income = Domestic income
 - b. $NDP_{FC} + \text{Depreciation} = GNP_{FC}$
 - c. $NDP_{FC} + \text{Depreciation} = GNP_{MP}$
 - d. All are valid
11. Which of the following is not a component of operating surplus
 - a. Interest
 - b. Rent
 - c. Royalty
 - d. Compensation of employees
12. Private income includes _____
 - a. Transfer income
 - b. Factor income
 - c. Both a and b
 - d. Neither a nor b
13. GNP exceeds NNP by _____
 - a. Amount of total taxes
 - b. Government expenditure
 - c. Transfer payments
 - d. Differences between gross and net investments
14. Which of the following is not a part of profits?
 - a. Corporate tax
 - b. Dividends
 - c. Retained earnings
 - d. Royalty



[PART (A) : OBJECTIVE]

Duration : 20 Minutes

Serial no. of the
main Answer sheet

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15. Which one is included in National Income?
 - a. Winning from lottery
 - b. Milk purchased by a dairy shop
 - c. National debt interest
 - d. None of the above

16. Which of the following is a part of Expenditure Method?
 - a. Rent and royalty
 - b. Mixed income
 - c. Net exports
 - d. Sales

17. Out of the following, which can have a value more than 1?
 - a. MPC
 - b. APC
 - c. APS
 - d. MPS

18. AD curve is a _____
 - a. Horizontal straight line parallel to x-axis
 - b. Positively sloped curve
 - c. Negatively sloped curve
 - d. Vertical straight line parallel to y-axis

19. If $MPC=MPS$, then value of Multiplier is _____
 - a. Infinity
 - b. One
 - c. Equal to MPC
 - d. Two

20. Which of the following measures of money supply is considered as broad money?
 - a. M_1
 - b. M_1 and M_2
 - c. M_4
 - d. M_3

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Course :

Semester : Roll No :

Enrollment No : Course code :

Course Title :

Session : 2017-18 Date :

Instructions / Guidelines

- The paper contains twenty (20) / ten (10) questions.
- Students shall tick (✓) the correct answer.
- No marks shall be given for overwrite / erasing.
- Students have to submit the Objective Part (Part-A) to the invigilator just after completion of the allotted time from the starting of examination.

Full Marks	Marks Obtained
20	

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Scrutinizer's Signature

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Examiner's Signature

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Invigilator's Signature