FYUG Odd Semester Exam., 2025

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* of the following questions : $2\times2=4$

(*a*) What do you mean by national income identity? Why is it called an identity?

(b) "Growth in national income promotes social welfare." Point out two arguments against this statement.

(c) Distinguish between factor income and transfer income.

2. Answer any *one* of the following questions : 10

(a) Explain the circular flow of national income in a two-sector economy in presence of a financial sector. Outline the basic GNP identity for a closed economy with Government. 6+4=10

(b) Write down the steps of measuring national income by income method. Show the reason whether following items will be included in national income : 6+2+2=10

(i) Old age pension

(ii) Brokerage fee

UNIT—II

3. Answer any *two* of the following questions : 2×2=4

(a) Write down the Fisher's equation of exchange. How is value of money related to the price level? 1+1=2

(b) What are the secondary functions of money?

(c) Distinguish between M_1 and M_3. Which one is more liquid form of money supply and why? 1+1=2

4. Answer any *one* of the following questions : 10

(a) Critically explain Fisher's quantity theory of money.

(b) What do you mean by liquidity preference? Graphically explain the impact of interest rate and income on demand for money. Add a note on liquidity trap. 2+5+3=10

UNIT—III

5. Answer any *two* of the following questions : 2×2=4

(a) What do you mean by neutrality of money?

(b) Mention two determinants of investment in an economy. Explain the relationship between interest rate and investment with the help of a diagram.

(c) Point out two implications of Say's law of market.

6. Answer any *one* of the following questions : 10

(a) Explain the classical theory of income and employment. Add a note on Keynes argument on the possibility of underemployment equilibrium. 5+5=10

(b) What do you mean by paradox of thrift? Show graphically the effect of the following on equilibrium of national income : 2+4+4=10

(i) An increase in autonomous investment

(ii) An increase in the marginal propensity to save

UNIT—IV

7. Answer any *two* of the following questions : 2×2=4

(a) Distinguish between voluntary and involuntary unemployment.

(b) Define stagflation.

(c) Mention two measures to wipe out inflationary gap.

8. Answer any *one* of the following questions : 10

(a) Explain the concept of inflationary gap. In this context, distinguish between demand-pull and cost-push inflation with special reference to the impact on output.

(b) Why does Phillips curve slope downward? Explain why the Phillips tradeoff depends crucially on the speed of wage adjustment. 4+6=10

UNIT—V

9. Answer any *two* of the following questions : 2×2=4

(a) Distinguish between 'devaluation' and 'depreciation'.

(b) What do you mean by surplus BoP? On what condition current account of a BoP will be surplus when net exports of goods is negative?

(c) How is nominal exchange rate different from real exchange rate?

10. Answer any *one* of the following questions : 10

(a) Define fixed exchange rate. How does monetary authority manage fixed exchange rate? Discuss briefly the possible effects of fixed exchange rate in an economy. 2+3+5=10

(b) (i) "In bookkeeping sense, BoP of an economy is always in equilibrium." Discuss.

(ii) Briefly explain the measures to correct disequilibrium in BoP. 5+5=10

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