

**MA ECONOMICS
THIRD SEMESTER
MACRO ECONOMIC ANALYSIS-I
MEC-301**

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. Explain the concept of *Investment Multiplier* with its operation. (10)
2. What is leakages and injection to the circular flow of income? Explain the three-sector model of circular flow of income. (4+6=10)
3. What is consumption function? Explain the implication of Keynes's *Psychological Law of Consumption*. (3+7=10)
4. Discuss *Absolute Income Hypothesis* and *Permanent Income Hypothesis*. (5+5=10)
5. What are the different types of investments? Elaborate the present value criteria of investment. (6+4=10)
6. Write short notes on: (5+5=10)
 - a) Measures of money supply in India.
 - b) Concept of accelerator.
7. Explain *Fisher's Quantity Theory of Money*. What are its assumptions? (6+4=10)
8. Calculate National Income by Income and Expenditure method. (10)

| Sl. No | Particulars | Rs. (in Crores) |
|--------|--|-----------------|
| i | Government final consumption expenditure | 7,351 |
| ii | Indirect tax | 8,834 |
| iii | Gross fixed capital formation | 13,248 |
| iv | Mixed income of the self-employed | 28,267 |
| v | Subsidies | 1,120 |
| vi | Change in stock | 3,170 |
| vii | Rent, interest and profits | 9,637 |
| viii | Consumption of fixed capital | 4,046 |
| ix | Private final consumption expenditure | 51,177 |
| x | Imports of goods and services | 5,674 |
| xi | Exports of goods and services | 4,812 |
| xii | Net factor income from abroad | -255 |
| xiii | Compensation of employees | 24,420 |

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[PART-A : Objective]

Choose the correct answer from the following:

1×20=20

1. Which of the following is not considered a Factor Income?
 - a. Rent
 - b. Wages
 - c. Gifts from abroad
 - d. Profit
2. Losses are classified as _____.
 - a. Stock variable
 - b. Flow variable
 - c. Either a or b
 - d. Neither a nor b
3. In a closed economy _____ is not included.
 - a. Households
 - b. Firms
 - c. Government
 - d. Foreign Sector
4. Which of the following constitute the reason for difference between Market Price and Factor Cost?
 - a. Indirect Taxes
 - b. Subsidies
 - c. Both a and b
 - d. Neither a nor b
5. Final goods refer to those goods which are used either for _____ or for _____.
 - a. Consumption, investment
 - b. Consumption, resale
 - c. Resale, investment
 - d. Resale, further production
6. Unforeseen obsolescence of fixed capital assets during production is _____.
 - a. Consumption of fixed capital
 - b. Capital loss
 - c. Income loss
 - d. None of the above
7. Corporate tax is not a part of _____.
 - a. Personal income
 - b. National income
 - c. Domestic income
 - d. Private income
8. Savings of non-departmental enterprises does not include savings of _____.
 - a. MTNL
 - b. Railways
 - c. Indian Airlines
 - d. LIC
9. Domestic Factor income is another name for _____.
 - a. NDP_{FC}
 - b. NNP_{MP}
 - c. GDP_{FC}
 - d. NNP_{FC}
10. If net National Product is given at market price, we _____ indirect taxes and _____ subsidies to get National Income of the economy.
 - a. Add, Subtract
 - b. Add, Divide
 - c. Subtract, Add
 - d. Subtract, Divide
11. Which of the following is a synonym of "Undistributed Profits"?
 - a. Savings of private corporate sector.
 - b. Reserves and surplus.
 - c. Retained earnings.
 - d. All of these.
12. Distributed profits are also known as _____.
 - a. Corporate Tax
 - b. Dividend
 - c. Retained earnings
 - d. None of these
13. Which of the following is not included in compensation of employees?
 - a. Wages and salaries in cash.
 - b. Wages and salaries in kind.
 - c. Employee's contribution to social security schemes.
 - d. Employer's contribution to social security schemes.
14. A growing country is one with _____.
 - a. Rising GNP at constant prices.
 - b. Constant GNP at constant prices.
 - c. Rising GNP at current prices.
 - d. None of these.



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15. Choose the incorrect option.
- APC can be more than 1.
 - APC can be equal to 1.
 - APC rises with increase in income.
 - APC can never be zero.
16. Break-even point is achieved when_____.
- National = Consumption
 - Consumption = Saving
 - Consumption = Investment
 - National Income > Consumption
17. Which of the following can have a negative value?
- APC
 - MPC
 - MPS
 - APS
18. Multiplier is_____ related to MPC.
- Directly
 - Not
 - Indirectly
 - Rarely
19. Money supply includes_____.
- All deposits in banks.
 - Only Demand Deposits in banks.
 - Only Time Deposits in banks.
 - Currency with the banks.
20. Which of the following is not a Cambridge economist?
- Marshall
 - Robertson
 - Adam Smith
 - Keynes

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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 | |

.....
Scrutinizer's Signature

.....
Examiner's Signature

.....
Invigilator's Signature