

MA ECONOMICS
FIRST SEMESTER [SPECIAL REPEAT]
MACRO ECONOMIC ANALYSIS- I
MEC – 102

**SET
A**

[USE OMR SHEET FOR OBJECTIVE PART]

Duration: 3 hrs.

Full Marks: 70

Time: 30 mins.

(Objective)

Marks: 20

Choose the correct answer from the following:

1 × 20 = 20

- Macro Economics is the study of
 - Individuals
 - Sub-aggregates
 - Aggregates
 - None of the above
- NNP is equal to-
 - GNP-depreciation
 - GNP + depreciation
 - GNP-net export
 - GNP + net export
- In classical quantity theory approach, the demand for money is for
 - Conducting transactions
 - Storing of money
 - Both of the above
 - None of the above
- In a state of liquidity trap, the rate of interest is
 - High
 - Low
 - Minimum
 - Maximum
- Fisher's equation of exchange establishes
 - Direct relationship between money and prices
 - Inverse relationship between money and prices
 - Direct and proportionate relationship between money and prices
 - Inverse and proportionate relationship between money and prices
- Which of the following is not, by definition, equal to National Income?
 - National Output
 - National Expenditure
 - National Product
 - National Wealth
- High-powered money is
 - Only banks' reserves at the central bank
 - All loans of banks
 - All loans and securities of banks
 - Rupees held as legal bank reserves
- In an economy, there are flows related to
 - Goods
 - Services
 - Money receipts
 - All of the above
- The social accounting system was developed by
 - Richard Stone
 - Paul Samuelson
 - James Tobin
 - Keynes

10. Money supply consists of
- | | |
|-----------------------------|---------------------|
| a. Currency with the public | b. Demand deposits |
| c. Time deposits | d. All of the above |
11. When the rate of interest rises, the assets prices?
- | | |
|--------------|----------------------|
| a. Rise | b. Fall |
| c. No change | d. None of the above |
12. Say's Law of Markets states that
- | | |
|----------|--------------|
| a. $D=S$ | b. $D<S$ |
| c. $D>S$ | d. $D\neq S$ |
13. The total amount of money supply is affected by the activities of
- | | |
|-----------------|---------------------|
| a. Central Bank | b. Commercial Bank |
| c. NBFIs | d. All of the above |
14. Which among the following is considered to be the most liquid asset?
- | | |
|---------|-------------------|
| a. Gold | b. Money |
| c. Land | d. Treasury bonds |
15. What does the term Gross investment mean while denoting a nation's economy?
- | | |
|--|--|
| a. $\text{Gross investment} = \text{Net investment} + \text{Depreciation}$ | b. $\text{Gross investment} = \text{Net investment} - \text{Depreciation}$ |
| c. $\text{Gross investment} = \text{Depreciation} - \text{Net investment}$ | d. None of the above |
16. The financial year in India is
- | | |
|------------------------|-----------------------------|
| a. April 1 to March 31 | b. January 1 to December 31 |
| c. March 1 to April 30 | d. March 16 to March 15 |
17. Consider the following statements and identify the right ones.
- (I) National income is the monetary value of all final goods and services produced.
- (II) Depreciation is deducted from gross value to get the net value
- | | |
|-------------|--------------|
| a. (I) only | b. (II) only |
| c. both | d. None |
18. Autonomous consumption is
- | | |
|------------------------------------|----------------------------------|
| a. A function of disposable income | b. A function of national income |
| c. A function of GDP | d. independent of income |
19. The average propensity to consume is measured by:
- | | |
|----------|------------|
| a. C/Y | b. $C = Y$ |
| c. Y/C | d. $C+Y$ |
20. The quantity theory of money is a theory of
- | | |
|---|---------------------------------------|
| a. How the money supply is determined. | b. How interest rates are determined. |
| c. How the nominal value of aggregate income is determined. | d. All of the above |

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(Descriptive)

Time : 2 Hr. 30 Mins.

Marks : 50

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

1. Distinguish between personal income and disposable income. Discuss the main problems or difficulties in the measurement of National Product or income. 4+6=10
2. What is circular flow of income? Explain the circular flow income in a Four-sector model. 4+6=10
3. What is meant by liquidity trap? Explain the motives for liquidity preference according to Keynes. 3+7=10
4. What is supply of Money? What are its components? 5+5=10
5. Critically examine the Fisher's quantity theory of money. 10
6. a) Explain the relationship between investment multiplier and MPC. 4+6=10
b) Elaborate the working of investment multiplier.
7. a) Explain relative income hypothesis of consumption. 5+5=10
b) Elaborate Permanent income hypothesis of consumption.
8. What are the determinants of money supply? What is High-Powered money? Explain the relation between high-powered money and money multiplier. 4+2+4=10

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