

2021

MACROECONOMICS — HONOURS

Paper : DSE-5.1A

Full Marks : 40

The figures in the margin indicate full marks.

*Candidates are required to give their answers in their own words
as far as practicable.*

Answer **any four** questions.

1. (a) Distinguish between stock variable and flow variable.
(b) From the following data, calculate GDP

	MP (₹. Crore)
(i) National income	58,000
(ii) Factor income paid to abroad	12,000
(iii) Factor income received from abroad	9,000
(iv) Consumption of fixed capital	1,200
(v) Subsidies	6,000
(vi) Indirect taxes	11,000

- (c) What is the difference between national income at current prices and real national income?
2+6+2

2. (a) State whether the following can be included in national income accounting :
(i) Gift received from the employer
(ii) Expenditure on construction of a house
(iii) Salary received by an Indian resident working in US Embassy in New Delhi
(iv) Service rendered by housewives in the national income.
(b) “Every real flow has a corresponding money flow in the circular flow of income”. Explain.
(c) Distinguish between expost and ex-ante values. 4+4+2
3. (a) Consider a Keynesian linear consumption function, and show that $MPC < APC$.
(b) “Equilibrium level of output is determined where planned saving is equal to planned investment.” Explain with the help of a diagram. 4+6

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4. (a) What do you understand by balanced budget multiplier?
(b) Show that in simple Keynesian model, the value of balanced budget multiplier is unity.
(c) Show that $MPS + MPC = 1$. 2+5+3
5. Derive IS curve graphically. How will this curve be affected when government expenditure increases? How will it be affected if the government reduces taxes? 6+2+2
6. (a) What do you mean by liquidity preference?
(b) Examine the effectiveness of monetary policy in the IS-LM framework. 2+8
7. (a) Write short notes on
(i) Frictional unemployment
(ii) Natural rate of unemployment.
(b) Distinguish between voluntary and involuntary unemployment.
(c) Distinguish between narrow money and broad money. (2+2)+4+2
8. (a) Explain the different concepts of inflation.
(b) Discuss the Different measures of controlling inflation. 4+6
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