

DHANAMANJURI UNIVERSITY

BA 3rd SEMESTER (CBCS)

2021

DECEMBER

ECONOMICS (Pass)

DEC-203

PRINCIPLES OF MACROECONOMICS -I

Full Mark: 100

The figures in the margin indicate full marks for the questions.

SECTION A

All questions are compulsory.

12 x 5 = 60

- 1) The Classical Theory of Demand for Money is also known as Transaction Demand for Money. Explain.
- 2) Macroeconomics is concerned with the study of macroeconomic issues. Which are the major macroeconomic issues which make the subject matter of Macroeconomics?
- 3) Illustrate graphically the circular flows of income and income in a four-sector model. Explain the effect of foreign trade on the magnitude of the overall circular flows of income and expenditure.
- 4) What is meant by double counting? How does it affect the measure of GNP?
- 5) What is Keynes Psychological Law of Consumption? Give reason why Keynes consumption function does not start from the origin.
- 6) What is meant by fiscal policy? How does Government expenditure affect a country's total income?

SECTION B

All questions are compulsory.

5 x 8=40

- 1) Discuss the different kinds of money available in a modern economy.
- 2) Write briefly on the origin and growth of Macroeconomics.
- 3) What are macroeconomic policies? What are their objectives in general?
- 4) What is meant by withdrawals and injections with regard to Circular Flow of income?
- 5) State the difference between intermediate and final goods.
- 6) Give the difference between actual GDP and potential GDP.
- 7) What are the components of aggregate expenditure?
- 8) The concept of multiplier forms an important part of determining Keynes Theory of Income determination. Explain briefly on Keynes multiplier.
