ECONOMICS

(1st Semester)

Course No. : EC–102 (C)

(Macroeconomic Analysis—I)

Full Marks : 75
Pass Marks : 30

Time : 3 hours

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

Answer **five** questions, taking **one** from each Unit

UNIT—I

1. Discuss the Keynesian theory of output and employment determination. What are its shortcomings? Discuss.   12+3=15

2. Derive IS and LM curves. Explain how the goods market and money market attain equilibrium simultaneously using the IS-LM framework.   7+8=15

(2)

UNIT—II

3. Write down the empirical facts of consumption behaviour. Discuss the absolute income hypothesis of consumption.   5+10=15

4. Critically discuss the relative income hypothesis.   15

UNIT—III

5. *(a)* What are the components of investment? Discuss briefly.   5

   (b) Distinguish between marginal efficiency of capital (MEC) and marginal efficiency of investment (MEI).   5

   (c) Write a note on present value criterion of investment.   5

6. Discuss the acceleration principle of investment. How does flexible accelerator differ from simple accelerator? Elaborate.   10+5=15

UNIT—IV

7. What do you mean by 'real balance effect'? What role does it play in Patinkin's theory of demand for money? Discuss.   3+12=15

(3)

8. Why does an investor try to diversify his portfolio of assets? Discuss Tobin's inventory theoretic approach to the theory of demand for money. 3+12=15

UNIT—V

9. *(a)* What do you mean by 'classical dichotomy' and 'neutrality of money'? 5

(b) Discuss Say's law of market along with its implications. 10

10. Elucidate the differences between the following : 5+5+5=15

(a) Keynesian economics and Monetarism

(b) Classical aggregate supply curve and Keynesian aggregate supply curve

(c) Policy implications of classical model and Keynesian model

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