

**2024/FYUG/EVEN/SEM/
ECOIDC-151T/015**

FYUG Even Semester Exam., 2024

ECONOMICS

(2nd Semester)

Course No. : ECOIDC-151T

(Foundation of Economics—II)

Full Marks : 70

Pass Marks : 28

Time : 3 hours

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

SECTION—A

Answer any *twenty* questions :

1×20=20

1. Define macroeconomics.
2. Give two examples of two macroeconomic variables.
3. What is called a two-sector economy?
4. Who are economic agents?
5. Write two examples of stocks.
6. Define GDP_{MP} .

(2)

7. What is depreciation reserve fund?
8. Define personal income.
9. What is meant by transfer payment?
10. Write two examples of leakages.
11. What is a Laissez-faire economy?
12. Who said, "supply always creates its own demand"?
13. What is called full employment?
14. Define MPP_L .
15. What is the fundamental assumption of the classical theory of employment?
16. Define a consumption function.
17. Can MPC take the value zero?
18. What is the value of investment multipliers when MPC is 0.50?
19. State one relationship between APC and MPC.
20. What is called ex-ante investment?
21. Define money.
22. Write one agency function of a commercial bank.
23. What is overdraft facility?

(3)

24. Name two determinants of money supply in an economy.
25. Write one secondary function of money.

SECTION—B

Answer any *five* questions :

2×5=10

26. Distinguish between stocks and flows.
27. What are the components of a four-sector economy?
28. Distinguish between real national income and nominal national income.
29. Point out two difficulties in estimation of national income.
30. State two assumptions of Say's law of market.
31. What, according to classical economists, ensures full employment in the long run?
32. Define effective demand.
33. State two features of investment multiplier.
34. Point out two important roles of a central bank.
35. Write two limitations of credit creation by commercial banks.

SECTION—C

Answer any *five* questions : 8×5=40

36. Explain the scope and importance of macroeconomics. 4+4=8
37. Discuss the necessity of aggregative approach. What are its limitations? 5+3=8
38. Discuss the working of circular flow in a three-sector economy.
39. Explain in brief the value-added method of estimation of national income.
40. Examine critically the classical theory of income and employment.
41. "Flexibility in wage rate is a necessary condition to full employment." Examine the statement.
42. State and explain Keynes' psychological law of consumption with its limitations.
43. Discuss Keynes' criticisms of the classical model of output and employment.
44. Explain the different quantitative instruments of credit control of the central bank of a country.
45. Discuss the process of multiple credit creation by a commercial bank.

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