

Questions Bank
B.A First Year (Semester I)
Economics
Paper 105 – Macro–Economics

Unit I:

- 1) What is national income? In this connections, critically discuss the views of Marshall, Pigou and Fisher.
- 2) Define national income and discuss the methods of measure it.
- 3) What are the various Components of National Income?
- 4) What are the constituents of Gross National Product? Why is it called Gross?
- 5) Explain the concept of National Income. Point out the difficulties in its correct measurement.
- 6) Explain the factors which determine the level of national income in an advanced capitalist economy.
- 7) Discuss the importance of national income computation in modern economic analysis.
- 8) Explain the concept of national income. How does it differ from the explanation of national income prior to Keynes?
- 9) What are the main causes of inequalities of income? Suggest measures to reduce income inequalities.
- 10) Do you think poverty in India is the result of inequalities of income and wealth? Give reasons for your answer. What remedies have been employed in India to reduce inequalities of income?

Unit II:

- 1) “Supply creates its own demand.” Critically examine this statement.
- 2) On what grounds J.B. Say denies and Keynes asserts the possibility of general overproduction or general unemployment in the economy?
- 3) “Classical economists do not provide any independent theory of employment”. Comment.
- 4) “General Theory is simply classical economics, further developed or embroidered by Keynes”. Do you agree?
- 5) Do you agree that a general reduction of money wages in a period of depression will be a cure of unemployment? Give reasons for your answer.
- 6) Why is J.M. Keynes regarded as the founder of New Economics?
- 7) “Flexibility in wage-rate is a necessary condition to full employment”. Comment.
- 8) What are the basic arguments of the classical theory of employment?

Unit III:

- 1) What are the salient features of the Keynesian General Theory of Employment?
- 2) Is it justified to describe Keynesian Economics as Depression Economics?
- 3) Explain the difference in the Classical and Keynesian approaches to the quality between saving and investment.
- 4) What do you mean by equilibrium level of national income? How is it determined?

- 5) Explain what the following statement really means: Ex-post saving and ex-post investment have to be equal.
- 6) Explain Keynes' Theory of Employment.
- 7) "Fluctuations in the levels of output and employment depend ultimately on changes in effective demand". Discuss.
- 8) Explain the concept of Effective Demand. Why does it tend to be deficient in developed countries?
- 9) "Although with given aggregate demand and supply curves there will normally be only one point of equilibrium, this may not be the level of full employment". Discuss.
- 10) What policies does the Keynesian Theory offer for increase in employment? Under what conditions are these valid?

Unit IV:

- 1) State and explain Keynes' Psychological Law of Consumption. Bring out its implications.
- 2) Distinguish between the average propensity and marginal propensity to consume.
- 3) What are the factors that determine the Propensity to Consume?
- 4) What do you mean by Consumption Function? Illustrate it diagrammatically. Explain why consumption curve tends to flatten to the right?
- 5) Draw diagram showing Marginal Propensity to Consume equal to one at all levels of income.
- 6) Discuss the measures to raise the propensity to consume.
- 7) "Keynes' formulation of the Consumption Function is an epoch-making contribution to the tools of economic analysis." Explain.
- 8) Explain the method of construction and significance of consumption function in the Keynesian theory of employment. On what factors does the consumption function depend?
- 9) Explain the concept of Multiplier and discuss its importance in economic analysis and policy.
- 10) Explain the limitations and leakages of the multiplier.

Unit V:

- 1) What do you mean by Investment? What are its different types?
- 2) Distinguish between 'Induced Investment' and 'Autonomous Investment'. Examine the importance of investment in Keynesian Economics. How can investment be stimulated?
- 3) What do you understand by 'inducement to invest'? Discuss the factors which govern the inducement to invest in a capitalist economy.
- 4) Explain the concept of Marginal Efficiency of Capital and its role in the Keynesian Theory of Employment.
- 5) Explain the marginal efficiency of capital. What are the factors that determine it?
- 6) Explain the significance of Marginal Efficiency of Capital in Keynesian Theory of Employment. (b) Why does the marginal efficiency of capital curve slope downwards?
- 7) "Marginal Efficiency of Capital and the rate of interest between them determine the volume of investment". Explain.

- 8) Is it possible to control the flow of investment through changes in the rate of interest?
- 9) What are the factors on which business expectations depend? What role do expectations play in causing business fluctuations?