23. State the explanation of Keynes on $[0<MPC<1]$. Suppose the consumption function is given by $C=100+0.8y$, while investment is given by $I = 50$. What are the equilibrium levels of income and the saving? 4+6

24. Distinguish between 'autonomous investment' and 'income-induced investment'. Suppose in an economy the consumption function is $C = 100 + 0.8\,Y$ and the investment function is $I = 50 + 0.2Y$. What is the equilibrium national income? 4+6

25. How does Central Bank control the money supply through Bank Rate? What is 'open market operation'? How does it function? Explain. 5+(2+3)

Total Pages : 4 B.Sc./2nd Sem (H)/ECO/24(CBCS)

2024

2nd Semester Examination

ECONOMICS (Honours)

Paper : C 3-T

(Introductory Macroeconomics)

[CBCS]

Full Marks : 60 Time : Three Hours

The figures in the margin indicate full marks. Candidates are required to give their answers in their own words as far as practicable.

Group - A

Answer any ***ten*** questions : 2×10=20

1. Distinguish between 'microeconomics' and 'macroeconomics'.

2. What do you mean by 'remittances'?

3. What is depreciation?

4. How do you define 'cost of living'?

5. What is an 'open economy'?

P.T.O.

6. What is GNP deflator?

7. Differentiate between GDP at market price and GDP at factor cost.

8. Explain the difference between balance of trade and balance of payments.

9. Discuss concepts of factor income and transfer income with the help of example.

10. What is GDP deflator?

11. How does inflation affect the purchasing power of money?

12. Write down two major functions of Central Bank of any country.

13. What are commercial banks? Mention two of its major functions.

14. What are 'non-banking financial institutions'? Give examples.

15. Define 'stagflation'.

Group - B

Answer any ***four*** questions. 5×4=20

16. Explain the following basic GNP identity where the symbols have their usual meanings —

$$C + I + G + (X - M) \equiv GNP \equiv C + S + T + Rf$$

17. What is Balance of Payments (BOP)? Distinguish between 'surplus BOP' and 'deficit BOP' with examples. 2+3

18. Explain the relationship between savings, investment and financial intermediation in the context of economic growth.

19. Explain the concept of the money multiplier. Discuss the implications of a high or low money multiplier for the economy, particularly interms of money creation and lending capacity.

20. What are the major causes of inflation in an economy? Distinguish between 'demand-pull inflation' and 'cost-push inflation' with arguments. 2+3

21. What is the concept of crowding out in the context of aggregate demand? Analyze how increased government spending can lead to an reduction in private investment? 2+3

Group - C

Answer any ***two*** questions. 10×2=20

22. Discuss the properties of the Keynesian Consumption Function. What is *balanced budget multiplier* (BBM) in Simple Keynesian Model? Explain. 4+6

P.T.O.