

2021

ECONOMICS-II — HONOURS

Sixth Paper

(A-32-A)

Full Marks : 50

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 four* questions.

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| 1. | (a) What is capital good? Can any final good be capital good? | (1+1) |
| | (b) What is the difference between the concepts of stock and flow variables in macro economics? | 2 |
| | (c) What is meant by GDP deflator? | 2 |
| | (d) What is the difference between Gross Domestic Product at current price and Gross Domestic Product at constant price? | 2 |
| | (e) What is the value added method, of measuring national income? | 2 |
| | (f) Distinguish between personal income and personal disposable income. | 2 |

Group-B

Answer *any five* questions.

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| 2. | (a) What is Keynesian Consumption function? Define Marginal Propensity to Consume (MPC). What is the range of it? | 3+2+1 |
| | (b) Establish the relationship between Marginal Propensity to Consume (MPC) and Marginal Propensity to Save (MPS). If the Average Propensity to Save (APS) is 0.31 find the average propensity to consume. | 2+4 |
| | (c) Determine the equilibrium income in the economy through Keynesian Cross model, in absence of government intervention and external trade. | 6 |
| | (d) Discuss with the help of IS-LM model, the determination of income and rate of interest. | 6 |
| | (e) What will be the value of investment multiplier in IS-LM model? How this value differs from that of the multiplier in Simple Keynesian model? | 3+3 |
| | (f) Discuss the Keynesian theory of demand for money. | 6 |
| | (g) What is meant by the supply of money in an economy? How could you distinguish between narrow money and broad money? | 2+4 |
| | (h) Explain briefly the Quantity Theory of money. | 6 |

Please Turn Over

Group-C

Answer *any one* question.

3. (a) What is cost-push inflation? Explain cost-push inflation, mentioning the reasons for occurrence of cost-push inflation. 2+10
- (b) Discuss briefly how fiscal policy and monetary policy can be used by the government to control the inflation in an economy? 12
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