B.A. (Honours) Examination, 2015
Semester – II
Economics
Paper : S -1.3 (Subsidiary)
(Macroeconomics-I)

Time: 3 Hours **Full Marks: 40**

Questions are of value as indicated in the margin.

Answer question no. **1** and ***any three*** from the following.

1. Answer ***any five*** questions. 2×5=10
   - (a) What is national income at factor lost?
   - (b) What is the deference between real and nominal national income.
   - (c) Distinguish between 'government expenditure on goods and services' and 'transfer payment'.
   - (d) What are intermediate goods?
   - (e) What are average propensity to consume and average propensity to save?
   - (f) What is multiplier?
   - (g) Define CRR and SLR
   - (h) What is legal tender money?
   - (i) Distinguish between direct and indirect taxes.
   - (j) What is ad-valorem tax?
2. Discuss value added method of accounting national income. What are the problems generally faced in accounting national income of an economy? 6+4=10
3. What are *mpc* and *mps*? Show that *mpc*+*mps*=1. 5+5=10
4. What is investment? Distinguish between autonomous and induced investment. Discuss the factors that determine investment. 2+4+4=10
5. How does commercial bank create credit? What are its limitations? 6+4=10
6. Critically examine Fisher's transactions approach to the quantity theory of money. 10
7. Discuss the functions of a central bank in the context of an underdeveloped country. 10
8. What are the principles of a good tax system? 10