B.A.(Honours) Examination, 2017
Semester-II
Economics
Course: S-1.2.4.P.3 (Subsidiary)

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

Questions are of value as indicated in the margin.

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

1. Answer the following questions: $5\times2=10$
   (i) What do you mean by investment expenditure?
   (ii) What is marginal propensity to save?
   (iii) What is net national product (NNP) at factor cost?
   (iv) Define direct and indirect tax.
   (v) What is underground economy?
2. State and explain basic GNP identity. 10
3. How is equilibrium national income determined in simple Keynesian model? 10
4. Suppose $C = 100+0.6\,Y$

   $I = 150$

   $G = 300$

   Where the symbols have their usual meaning. What is the equilibrium level of national income? 10
5. Explain the mechanism by which full employment in the labour market is ensured by classical macroeconomic system. 10
6. What do you mean by quantity theory of money? Explain clearly the Fisher's Version of quantity theory of money. 2+8=10
7. Distinguish between the different approaches of definition of money. 10
8. Write short notes on : 5+5=10
   (a) Autonomous investment expenditure multiplier in two sector simple Keynesian model.
   (b) Role of the government in economic activities.
