

B.A. (Honours) Examination, 2018

Semester – II

Economics

Course: S-1.2.4.P.3 (Subsidiary)

(For Back Candidates only)

Time: Three 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: 5×2=10
 - (i) What do you mean by autonomous investment expenditure?
 - (ii) What is marginal propensity to consume?
 - (iii) What is disposable income?
 - (iv) Define per capita income.
 - (v) Define direct and indirect tax.
 2. State and explain basic GNP identity. 10
 3. How is equilibrium national income determined in simple Keynesian model by saving-investment equality approach? 10
 4. Consider the following model
 $C=65+0.8 Y_d$
 $Y_d=Y-T$
 $T=0.3Y$
 $I=130$
 $G=250$
 $Y=C+I+G$
Where the symbols have their usual meanings. What is the equilibrium level of national income? 10
 5. What are the main drawbacks of classical employment theory? What are the Keynesian remedies to overcome problems? 5+5=10
 6. What do you mean by quantity theory of money? Explain clearly the Cambridge version of quantity theory of money. 3+7=10
 7. Define money. What are the functions of money? 4+6=10
 8. Write short notes on: 5+5=10
 - (i) Paradox of thrift.
 - (ii) Role of government in economic activities.
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