

B.A. (Honours) Examination, 2018
Semester-III
Economics
Course: S-1.3.4.P.4 (Subsidiary)

(For Back Candidates)

Time: Three Hours

Full Marks: 40

Questions are of value as indicated in the margin
Answer *any four* questions

1. How is equilibrium income determined in the two sectors simple Keynesian Model? 10
 2. Explain how full employment is ensured in Classical Macro Economics System. 10
 3. Consider the following model
 $S = -40 + 0.6 Y_d$
 $Y_d = Y - T$
 $T = 0.2 Y$
 $I = 200$
 $G = 400$
Find the equilibrium level of national income. 10
 4. State and explain the Absolute Advantage Theory of International Trade. 10
 5. What are inflation and deflation? Explain demand pull theory of inflation. 4+6=10
 6. What is the fundamental Keynesian criticism against the classical employment theory? Explain the Keynesian remedies in this respect. 3+7=10
 7. State and explain the basic GNP identity. 10
 8. Write short notes on (*any two*) 5+5=10
 - (a) Paradox of Thrift
 - (b) Quantity theory approach of inflation
 - (c) Money GNP and real GNP
 - (d) Investment expenditure multiplier
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