

Ref No.VB/EXAM/REG/ 02/UG/ECO/Sem-II/31016/2023

B.A. (Honours) Examination, 2023
Semester—II (CBCS)
Subject: Economics
Course-GEC-2(Introductory Macroeconomics)

Time: 3 hours

Full Marks: 60

Questions are of value as indicated in the margin

- Qs. 1. Answer any eight questions from the following: 2X8=16
- (a) Distinguish between potential GDP and actual GDP.
 - (b) Define capital and depreciation
 - (c) Distinguish between an intermediate good and a final good with examples
 - (d) How do you derive National Income (NI) from GDP at market prices?
 - (e) Define Personal Income (PI). How can we derive PI from National Income(NI)
 - (f) Define transfer payments. Are they included in NI?
 - (g) Why is profit regarded as a residual factor income? Can profit be negative or zero?
 - (h) Define autonomous and induced consumption.
 - (i) Define MPC and APC.
 - (j) For a linear consumption function $C = a + bY$; $a > 0$, $0 < b < 1$ Comment on the relationship between APC and MPC.
 - (k) State the main functions of the Central Bank of a country.
 - (l) What are the advantages of a paper currency system?
 - (m) What do you mean by Hyperinflation? What are the causes of hyperinflation?
 - (n) What is Fisher effect?
- Qs. 2. Answer any five questions from the following: 4X5=20
- (a) Depict and briefly explain a three sector "Circular Flow of Income"?
 - (b) Derive the saving function from a Keynesian consumption function and draw the saving curve.
 - (c) What is "Paradox of Thrift"? Explain the concept.
 - (d) Derive the Balanced Budget Multiplier (BBM) in an economy with lump Sum Taxes.
 - (e) For a hypothetical economy where $C = 90 + .9Y$ and $I = 150$, determine the equilibrium level of income.
 - (f) Discuss with examples how bad money drives out good money.
 - (g) Write a note on "Credit Creation by the Commercial Banks"
 - (h) Write a note on "Quantity theory of money"
 - (i) Define the concepts of M_1 , M_2 , M_3 and M_4 in the context of money supply.
- Qs. 3. Answer any two questions from the following: 12X2=24
- (a) (i) Discuss the three methods of measuring National income.
(ii) Discuss the problems we face in each of these methods of measurement. 6+6
 - (b) (i) How is equilibrium income determined in a closed economy with government?
(ii) Derive government expenditure multiplier in a three sector model with lump sum tax on income. 6+6
 - (c) (i) Define inflation.
(ii) Distinguish between Demand-pull and Cost-push inflation.
(iii) Discuss any two measures of controlling inflation. 2+5+5
 - (d) (i) Define money.
(ii) Discuss the four major functions of money.
(iii) What is "Quantity Theory of Money" (QTM)? Explain briefly the Fisher's Version of QTM. 2+5+5