2022

ECONOMICS

[Honours]

(B.Sc. Second Semester End Examination-2022)

PAPER-CC3

Full Marks: 60   *Time: 03 Hrs*

The figures in the right hand margin indicate marks
Candidates are required to give their answers in their own words as far as practicable
Illustrate the answers wherever necessary

Group A

1) Answer any Ten Questions: **10x2 = 20**

a. Define autonomous investment and induced investment.

b. What is GNP deflator?

c. What is effective demand?

d. Define green GDP.

e. Distinguish between nominal gross national product and real gross national product.

f. Mention two leakages from circular flow of income?

g. What is meant by Personal Disposable Income?

h. Distinguish between the concepts of GDP and GNP.

i. What is depreciation? Explain.

j. Mention two major problems of GNP accounting.

k. Define the concept of 'liquidity trap'.

l. Distinguish betwen the Keynesian Savings Function and the classical savings Function.

m. How do you define' full mployment ' in an economy?

n. What is 'Classical Dicholomy'?

o. What s an accelerator'? Explain.

Group B

Answer any Four Questions: **4x5 = 20**

2. Distinguish between marginal efficiencyof capital (MFC) and marginal efficiency of investment (MEI)   5

3. "Supply creates its own demand" – How did classical economists justify this argument?   5

4. Explain the concept of 'Paradox of thrift'   5

5. How can you derive the investment multiplier in the Simple Keynesian Model?   5

6. What is Balanced Budget Multiplier (BBM)? What would be its value in SKM if tax is taken as a function of income?

7. Establish the GNP identity in an open economy with government activities.

8. Suppose the consumption is given by c= 40+0.8y. Obtain he savings function. If investment is $I = \overline{I} = 40$, obtain the equilibrium out put.

Group C

Answer any Two Question: **2x10 = 20**

9. Determine the equilibrium level of national income in the Simple Keynesian Model. Write down the stability condition of this model.   7+3

10. What is meant by neutrality of money? How do classical economists explain that money had no effect on real output and employment?

11. Determine the equilibrium level of income and employment using the classical macroeconomic framework with wage – price flexibility.

12. Define a tax multiplier. Show that the effect of tax increase on equilibrium income is contractionary in nature. Explain with arguments and diagram.