

2020

ECONOMICS—II — HONOURS

Sixth Paper

(A-32-A)

Module – I

Full Marks : 50

The figures in the margin indicate full marks.

*Candidates are required to give their answers in their own words
as far as practicable.*

Group – A

1. Answer *any two* questions : 5×2

(a) Distinguish between stock and flow concepts in macroeconomic theory.

Or,

What are the concepts of injections and leakages in the circular flow of income?

(b) Distinguish between nominal GDP and real GDP.

Or,

What is fixed investment? How do you define inventory investment?

(c) What is meant by 'value added' in the context of national income analysis?

Or,

What adjustments are required to arrive at the figure of net national product at factor cost, given the net national product at market prices?

(d) What is meant by 'double counting'?

Or,

How can you deduce personal income from national income?

Group – B

2. Answer *any two* questions : 10×2

(a) 'In a linear type Keynesian consumption function, value of marginal propensity to consume equals to one.' — Justify the statement. What will be the value of average propensity to consume? 6+4

Or,

'Individual thriftiness leads to fall in aggregate savings.' — Explain. 10

Please Turn Over

- (b) What is meant by investment multiplier in a simple Keynesian Model? How the magnitude of the multiplier is determined? What will be its value if the marginal propensity to consume is one?

3+5+2

Or,

In a Simple Keynesian Framework, the autonomous consumption and autonomous investment expenditure are amounted to ₹ 80 and ₹ 120. If the equilibrium level of output is ₹ 800, then find the value of marginal propensity to save. 10

- (c) What will be the effect of increase in autonomous investment on commodity market in a IS-LM framework? 10

Or,

Discuss the role of increase in rate of interest in IS-LM Model. 10

- (d) Define speculative demand for money. 'Values of the multipliers are different for Simple Keynesian Model and IS-LM Model.' — Justify. 4+6

Or,

Determine the equilibrium level of income in a IS-LM framework. 10

- (e) Explain the relationship between the quantity of money and the price level with the help of any one version of the Quantity theory of money. 10

Or,

How 'Credit money' can be created by the commercial banks? 10

Group – C

3. Answer **any one** question : 20×1

- (a) What is 'inflationary gap'? Why such gap emerges? Can this gap be removed by the rise in prices? 7+7+6

- (b) What is Cost Push Inflation? Is it possible to differentiate this kind of inflation from demand pull inflation? 8+12
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