

2019

B.Sc.

2nd Semester Examination

ECONOMICS (Honours)

Paper - C3T

(Introductory Macroeconomics)

Full Marks : 60

Time : 3 Hours

*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

Answer any *ten* questions.

10×2

1. (a) What do you mean by open economy ?
- (b) What is liquidity trap ?
- (c) Define the crowding-out effect.
- (d) What do you mean neutrality of money ?
- (e) Define the concept of stagflation ?

[Turn Over]

- (f) What is the difference between GDP and GNP ?
- (g) Distinguish between frictional and structural unemployment.
- (h) Discuss two limitations of bank rate policy.
- (i) What is the paradox of thrift ?
- (j) Given $c = 10 + 0.6y$ and increase in investment is Rs 100, what will be the increase in income ?
- (k) What is cost of Living Index ? How do we measure it ?
- (l) What is Solow residual ?
- (m) Differential between devaluation and depreciation of an exchange rate.
- (n) Define inflation. What are its usual measure ?
- (o) What is MPC ? Can its value be greater than one ?

Group - B

Answer any *four* questions. 4×5

- 2. Explain the concept of Saving -Investment identify.
- 3. Discuss the cash balance approach of Cambridge School of economists in the quantity theory of money.

4. What are the basic tenets of monetarism.
5. Discuss the causes of money wage rigidity.
6. Define BOP and explain its different components.
7. Explain the two way relationship between capital inflow and exchange rate.

Group - C

Answer any *two* questions. 2×10

8. Explain the determinants of money supply ?
 9. What is aggregate demand ? Discuss the effect of an expansionary monetary policy on the aggregate demand.
 10. Briefly discuss the main features of the Solow growth model.
 11. Derive the IS curve. Comment on its slope. Can it be vertical ? 5+3+2
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