

**2021**

**ECONOMICS-II — HONOURS**

**Sixth Paper**

**(A-32-A)**

**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**

Answer *any four* questions.

1. (a) What is capital good? Can any final good be capital good? (1+1)
- (b) What is the difference between the concepts of stock and flow variables in macro economics? 2
- (c) What is meant by GDP deflator? 2
- (d) What is the difference between Gross Domestic Product at current price and Gross Domestic Product at constant price? 2
- (e) What is the value added method, of measuring national income? 2
- (f) Distinguish between personal income and personal disposable income. 2

**Group-B**

Answer *any five* questions.

2. (a) What is Keynesian Consumption function? Define Marginal Propensity to Consume (MPC). What is the range of it? 3+2+1
- (b) Establish the relationship between Marginal Propensity to Consume (MPC) and Marginal Propensity to Save (MPS). If the Average Propensity to Save (APS) is 0.31 find the average propensity to consume. 2+4
- (c) Determine the equilibrium income in the economy through Keynesian Cross model, in absence of government intervention and external trade. 6
- (d) Discuss with the help of IS-LM model, the determination of income and rate of interest. 6
- (e) What will be the value of investment multiplier in IS-LM model? How this value differs from that of the multiplier in Simple Keynesian model? 3+3
- (f) Discuss the Keynesian theory of demand for money. 6
- (g) What is meant by the supply of money in an economy? How could you distinguish between narrow money and broad money? 2+4
- (h) Explain briefly the Quantity Theory of money. 6

**Please Turn Over**

**Group-C**

Answer *any one* question.

3. (a) What is cost-push inflation? Explain cost-push inflation, mentioning the reasons for occurrence of cost-push inflation. 2+10
- (b) Discuss briefly how fiscal policy and monetary policy can be used by the government to control the inflation in an economy? 12
-