



# BANKURA UNIVERSITY

Semester.....II End.....Examination 2021...

Subject Name ...Economics.....

Course ID 

2	1	6	1	2
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Course Code .....SH / ECO / 202 / C-4.....

Course Title .....Intermediate Macroeconomics-I...

Full Marks ...40.....

Time allowed...2 Hours

The figures in the right-hand side margin indicate marks

Question No.

Marks allotted

1. **Answer any five of the following questions:**

2 x 5 = 10

- a) Distinguish between *autonomous consumption* and *induced consumption*.
- b) Write the equation of the *saving function* if the consumption function is given by  $C = 200 + 0.8Y$ .
- c) For a closed economy show that  $APC + APS = 1$  and  $MPC + MPS = 1$ .
- d) What is meant by *liquidity preference*?
- e) What is *liquidity trap*?
- f) What are the variables whose equilibrium values are determined by the *IS-LM model*?
- g) What is meant by *wage rigidity*?
- h) What is meant by *under-employment equilibrium*?

2. **Answer any four of the following questions:**

5 x 4 = 20

- a) State and explain the properties of *Keynesian consumption function*. 5
- b) Discuss the *objective factors* that influence consumption expenditure. 5
- c) Briefly explain the concept of *paradox of thrift*. 5
- d) Briefly describe the process of *credit creation* by commercial banks. 5
- e) What is an *IS curve*? Show how you can draw an *IS curve* using the product market equilibrium condition. 1 + 4 = 5
- f) What is *involuntary unemployment*? Compare the classical and Keynesian views of *labour supply function*. 1 + 4 = 5

3. **Answer any one of the following questions:**

10 x 1 = 10

- a) With suitable diagram, briefly describe the *simple Keynesian multiplier analysis*. 8 + 2 = 10  
Mention two limitations of the multiplier analysis.
- b) Explain the *inventory-theoretic approach* to transactions demand for money.

Signature of Moderators .....

Date.....