B.Sc. Semester-II Examination, 2022-23

ECONOMICS [Honours]

Course ID : 21612 **Course Code : SH/ECO/202/C-4**

Course Title : Intermediate Macroeconomics-I

Time : 2 Hours Full Marks : 40

The figures in the right-hand margin indicate marks.

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

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

$2 \times 5 = 10$

a) Write down the equation of the saving function if the consumption function is given by $C = 200 + 0.8Y$.

b) What will be the equilibrium level of income if $C = 15 + 0.7Y$ and $I = 25 + 0.1 Y$?

c) Define Keynesian Cross.

d) Mention the different components of money supply.

e) Define High Powered Money.

f) What is crowding out effect?

g) What do you mean by stagflation?

h) How will a decrease in taxes affect the level of income in the IS-LM model?

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

$5 \times 4 = 20$

a) State and explain the properties of Keynesian consumption function.

b) Explain the case of balanced budget multiplier in a closed economy.

c) What are the different motives for holding money as suggested by Keynes?

d) Using the IS-LM framework analyse the effects of an increase in money supply on the equilibrium values of level of income and rate of interest in a closed economy.

e) Define money multiplier. What is the economic significance of the concept? 2+3

f) What is meant by wage rigidity? Explain the Keynesian view of labour supply function.

3+2

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

$10 \times 1 = 10$

a) What is Real Balance Effect? Analyse how price flexibility can bring about full employment through the Real Balance Effect.

b) Describe the complete Keynesian case of income, output and employment determination.

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