

B.Sc. Semester-III Examination, 2022-23**ECONOMICS [Honours]**

Course ID : 31612 Course Code : SH/ECO/302/C-6

Course Title : Intermediate Macroeconomics-II

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:

2×5=10

- a) Mention the basic idea behind the *Life Cycle Hypothesis* of Consumption Function.
- b) What is the difference between the *Classical Money Demand Function* and the *Keynesian Money Demand Function*?
- c) What do you mean by *Neutrality of Money*?
- d) What is *Money Illusion*?
- e) What is meant by *Under-employment Equilibrium* in macroeconomics?
- f) What is *Stagflation*?

g) What is the shape of long run *Phillips Curve*?
What does it imply?h) What is *Knife-edge Instability*?2. Answer any **four** of the following questions:

5×4=20

- a) Briefly discuss the *Simple Acceleration Principle* of investment.
- b) Compare the *Classical* and *Keynesian* views of the labour market.
- c) What is *Quantity Theory of Money*? Discuss the *Cambridge Cash Balance Approach* to the Quantity Theory of Money. 1+4=5
- d) What is *Inflationary Gap*? Explain the concept of *Inflationary Gap* with a suitable diagram. 1+4=5
- e) Distinguish between *Demand Pull* and *Cost Push Inflation* and comment on whether the distinction could be made in practice.
- f) Explain briefly *Friedman's Restatement of the Quantity Theory of Money*.

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

10×1=10

- a) Analyse the *Relative Income Hypothesis* relating to consumption function.
- b) Explain the difference between the *Net Present Value (NPV) Criterion* and the *Marginal Efficiency of Capital (MEC) Criterion* of investment and state which one is relatively better.
