2021

BUSINESS ADMINISTRATION — HONOURS

Paper : A402-C-9

(Macro Economics)

Full Marks : 80

The figures in the margin indicate full marks.

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

Answer *any five* questions.

1. Define Gross Domestic Production (GDP). How do you estimate the value of National Income from GDP at market price? Calculate (i) Depreciation (ii) GDP (iii) National Income from the following data:

    2+4+2+4+4

	Measured in Rs. Crore
GNP at market price	2500
Gross Investment	200
Net Investment	100
Indirect Taxes	50
Subsidy	100
Net factor income received from abroad	100

2. (a) Define IS curve. How do you derive IS curve?

    (b) Define LM curve. Explain its different possible slopes.   2+8+2+4

3. (a) What do you mean net value added?

    (b) What is transfer income? Give two examples. Are these included in NI accounting?

    (c) Discuss the Cambridge version of quantity theory of money. What are the criticisms of this version?

    2+4+10

4. (a) Discuss the Keynesian Consumption function with the help of a diagram. What are its properties? Show that MPC + MPS = 1.

    (b) Determine the equilibrium level of national income in the Simple Keynesian Model.   8+8

5. (a) Explain the concept of 'Paradox of Thrift'.

    (b) What is Balance Budget multiplier? Show that its value is unity when investment is autonomous.   8+8

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6. (a) What are the sources of demand for money as explained by Keynes? Discuss the various components of supply of money in an economy.

    (b) Distinguish between demand-pull inflation and cost-push inflation.　　　　　　　　　　8+8

7. (a) Discuss the monetary measures taken to control inflationary pressure in an economy.

    (b) With the help of the Phillips curve establish the relation between inflation and unemployment in an economy in the short-run.　　　　　　　　　　8+8

8. (a) Explain in brief the composition of balance of payments.

    (b) Define the following terms:

      (i) Nominal Exchange Rate

      (ii) Effective Exchange Rate.

    (c) With suitable diagrams explain the concepts of flexible and fixed exchange rate systems.　　　6+4+6

9. (a) "Currency depreciation improves the trade balance by stimulating exports and reducing imports"— Explain.

    (b) Explain the effectiveness of fiscal and monetary policies under perfect capital mobility and fixed exchange rate in Mundell-Fleming Model.　　　　　　　　　　8+8

10. (a) Examine the effects of inflation in an economy.

    (b) Graphically illustrate the effectiveness of expansionary fiscal policy in IS-LM framework.　　　8+8

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