2025

ECONOMICS — HONOURS

Paper : DSCC-6

(Macroeconomics - II)

Full Marks : 75

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

1. Answer *any ten* questions :　　　　　　　　　　　　　　　　　　　2×10

    (a) Define Statutory Liquidity Ratio (SLR).

    (b) What do you mean by sacrifice ratio?

    (c) If Cash Reserve Ratio = 0.2, derive the deposit multiplier.

    (d) Determine the shape of IS curve when investment is perfectly interest inelastic.

    (e) Is there any relationship between supply stock and stagflation?

    (f) What is the nature of the labour supply function in Complete Keynesian Model?

    (g) What do you mean by M_4 with special reference to India?

    (h) What is 'Crowding out' effect?

    (i) Define Bank rate.

    (j) What do you mean by disinflation?

    (k) Define budget deficit.

    (l) What is an unemployment equilibrium?

    (m) Draw the aggregate supply curve at short-run.

    (n) What do you mean by deficit financing?

    (o) What is the relationship between bond price and rate of interest?

Group - B

2. Answer *any five* questions :

    (a) Distinguish between adaptive expectation and rational expectation.　　　5

    (b) What do the points of IS and LM curve imply?　　　　　　　　　　5

    (c) Define Broad Money. How is it different from Narrow Money?　　　　2+3

Please Turn Over

(d) Briefly discuss three major distinctions between Classical and Keynesian system.　　　5

(e) What is the basic theme of Friedman's restatement of quantity theory of money?　　　5

(f) If the supply of money is sensitive to changes in the rate of interest, what will be its impact on the slope of LM curve? Explain with suitable diagram.　　　5

(g) Briefly explain the problem of liquidity trap.　　　5

(h) Consider the following equation : $C = 30 + 0.8Y$, $I = 100 - r$, $G = 70$, $M^S = 200$, $P = 1$ $M^D = 0.5Y + 50 - 2r$ where C, Y, I. r, G, M^S, M^D, P have their usual meaning. Derive equilibrium r and Y.　　　5

Group - C

Answer *any three* questions.

3. (a) Define high-powered money. How is it related to money supply?

(b) Derive the money multiplier and explain the impact of the rise in money multiplier on money supply.　　　(2+2)+(4+2)

4. (a) Determine the impact of the rise in government expenditure on equilibrium income and rate of interest in IS-LM model in a closed economy, when tax is lump sum. What will happen to the value of the multiplier, if investment is perfectly interest-inelastic?

(b) Define balanced budget multiplier. Derive the balanced budget multiplier in IS-LM framework in a closed economy when investment is a positive function of income.　　　(4+1)+(2+3)

5. (a) Why is short-run Phillips curve negatively sloped?

(b) In this context show that the long-run Phillips curve is vertical.　　　6+4

6. (a) How is aggregate demand schedule derived in the complete Keynesian model?

(b) Analyze the comparative static effect of rise in government spending on aggregate output and price.　　　6+4

7. (a) What are the market imperfections responsible for the positive slope of short-run aggregate supply curve?

(b) Discuss the role of Sticky-Price Model in the positive slope of short-run aggregate supply curve.　　　3+7

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