BANKURA UNIVERSITY

UG Semester-III Examination 2020-21

Subject Name …ECONOMICS   Course ID | 3 | 1 | 6 | 1 | 2 |

Course Code …UG/ECO/302/C-6   Group ………………..

Course Title …INTERMEDIATE MACROECONOMICS-II

Full Marks …40   Time allowed…2 Hours

The figure in the right hand side margin indicate marks

The questions are of equal value

1. Answer any five of the following questions: **5 x 2 = 10**

a) State *Say's Law of Markets* and its major implication.

b) What do you mean by *Neutrality of Money*?

c) What do you mean by *Money Illusion*?

d) What is meant by *Wage-price Flexibility*?

e) Distinguish between *Autonomous Investment* and *Induced Investment*.

f) *How is Net Present Value* of a capital asset calculated?

g) What do you mean by *Stagflation*?

h) What are the properties of *Warranted Rate of Growth*?

2. Answer any four of the following questions: **4 x 5 = 20**

a) Explain why and how price level is determined solely from the monetary sector in the *Classical Model*?

b) Discuss briefly the *Keynesian Theory of Investment*.

c) What is *Quantity Theory of Money*? Discuss Fisher's version of the Quantity Theory of Money?

d)   Briefly explain *Friedman's Restatement of the Quantity Theory of money.*

e) What is Inflationary Gap? Explain the concept of *Inflationary Gap* with a suitable diagram.

f) Distinguish between *Demand Pull* and *Cost Push Inflation* and comment on whether this distinction can be made in practice.

3. Answer any one of the following questions: **1 x 10 = 10**

a) Discuss the *Relative Income Hypothesis* relating to consumption function.

b) Briefly describe the *Simple Acceleration Principle* of investment and state its major implications and limitations.