

2022

## MACROECONOMICS — HONOURS

Paper : DSE-5.1AH

Full Marks : 40

*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. State which of the following statements relate to macroeconomics or microeconomics.

(a) During the last 12 months average car prices have fallen.

(b) Inflation for the past 12 months has been 5.5%.

2

*Or,*

Distinguish between Final Goods and Capital Goods.

2

## Group - B

2. Explain clearly the income method of calculating National Income. State two precautions taken while calculating national income by the income method. 4+2

*Or,*

(a) Define GDP deflator.

(b) Calculate National Income from the following data :

Particulars	₹ Crore
Gross National Product at market price	500
Gross Domestic Private Investment	100
Net Domestic Private Investment	75
Indirect Tax	50
Subsidy	30

2+4

3. (a) In an economy the rate of MPC and MPS is 4 : 1. The consumption at zero level of income is ₹ 50 crores.

(i) Frame a consumption equation

(ii) Find the value of investment multiplier.

(b) What is natural rate of unemployment?

(2+2)+2

Please Turn Over

*Or,*

- (a) 'In the context of Simple Keynesian Model, the increase in income is a multiple of the increase in autonomous investment.' — Explain.
- (b) Define high powered money. 4+2
4. Assume that both saving and investment are function of income and further that marginal propensity to save is greater than marginal propensity to invest. Show how people's desire to save will ultimately result in a lower level of aggregate saving and income in the society. 6

**Group - C**

5. (a) Name and draw the curve which represents money market equilibrium.
- (b) How does a change in money supply affect this curve? 6+4
6. Explain the concept of inflationary gap and the basic reasons for the emergence of such inflationary gap in an economy. 7+3

*Or,*

What is cost-push inflation? Explain graphically the cost-push inflation. Examine the justifiability of making the distinction between this kind of inflation with demand-pull inflation. 2+5+3

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