

Bachelor of Arts Examination, 2018  
(2nd Year, 4<sup>th</sup> Semester)(OLD)  
Economics (Honours)  
Macroeconomics II

Time: 2 Hours

Full Marks: 30

Answer any two questions.

1. What factors determine money supply? Explain the process of generation of money supply.

[15]

2. How does an increase in brokerage fee affect demand for cash in Baumol's model of transactions demand for cash?

[15]

3. How does Permanent Income Hypothesis explain the consumption-income relationship yielded by cross section budget studies?

[15]