

BACHELOR OF ARTS EXAMINATION, 2022

(1std Year, 2nd Semester)

Department of Economics

MACROECONOMIC THEORY

Time : Two hours

Full Marks : 30

Answer any Three Questions

10 X 3 =30

1. How can you get APC and MPC from a simple linear consumption function? Define Savings. Draw a savings function from the above mentioned linear consumption function. Prove that $MPS+MPC = 1$ 2+3+2+3 = 10
2. Mention the assumptions considered in a Simple Keynesian Model of National Income Determination. Suppose Investment is autonomous. What is the meaning of it?
How can you get the Equilibrium Level of National Income in a Simple Keynesian Model where the investment is autonomous? What will be the stability condition of the Equilibrium? 3+5+2 = 10
3. Explain IS curve and LM curve. Which variables will be determined in the IS-LM framework and how? Interpret the equilibrium condition. 3+5+2 = 10
4. What is Say's law? Present a brief exposition on the Quantity Theory of Money? Identify the assumptions associated with it and interpret them. 4+6 =10