BACHELOR OF ARTS EXAMINATION, 2022

(2nd Year, 4th Semester)

ECONOMICS

MACROECONOMICS II

COURSE : UG/ECO/B/C4.2

Time : Two hours   Full Marks : 30

Answer any two of the following questions: 15 X 2

1. Suppose in a given economy $s = 0.5, v = 10$ and $n = 0.1$. Derive the warranted rate of growth of real GDP of this economy. What problem will this economy face if the savers and investors behave in accordance with the Harrod-Domar Model? Explain your answer.[15]

2. Suppose the cash-deposit ratio of the non-bank public is 0.25 and the cash-deposit ratio of the commercial banks is 0.1. Suppose the government borrows Rs.100 from the central bank. By how much will the supply of broad money increase? Explain your answer describing the money multiplier process fully.   [15]

3. Explain Keynes' theory of speculative demand for money.   [15]