(i) Credit creation capacity of a bank depends on _____ .

(j) IS-LM model was profounded by _____ .

(k) Exchange reserves in the country increases when money supply _____ .

(l) Who profounded over investment theory ?

GROUP – B

2. Answer any eight of the following questions within two to three sentences each.

$[2 \times 8$

(a) Define APC.

(b) Define MPC.

(c) What is permanent Income ?

(d) What is MEC ?

(e) Define inventory investment.

(f) What is IS curve ?

(g) What is meant by liquidity trap ?

(h) What is depression ?

(i) What is the meaning of rational expectations ?

(j) What is involuntary unemployment ?

GROUP – C

3. Write notes on any eight of the following within 75 words each.

$[3 \times 8$

(a) Demonstration effect

(b) Ratchet effect

(c) Accelerator

(d) Autonomous Investment

(e) LM Curve

(f) Speculative demand for money

(g) Residential Investment

(h) Velocity of circulation of money

(i) Inflation

(j) Business cycle

GROUP – D

Answer all questions within 500 words each.

4. What is consumption function and what are the factors influencing consumption function.

$[7$

OR

What in meant by business fixed investment ? Explain the various determinants of business fixed investment.

2023

Time - 3 hours

Full Marks - 80

*Answer **all groups** as per instructions.*

Figures in the right hand margin indicate marks.

GROUP – A

1. Answer <u>all</u> questions and fill in the blanks as required.   [1 × 12

    (a) Consumption is a function of _____.

    (b) APC is the ratio of consumption and _____.

    (c) Who said it is not the current income of families that deter-mines the level of consumption but their permanent in-come ?

    (d) Autonomous investment is independent of _____.

    (e) If MEC is constant, the investment will fall with a rise in _____.

    (f) The concept multiplier was first profounded by _____.

    (g) If MPS = 0.25, investment multiplier will be _____.

    (h) Speculative demand for money and rate of interest are _____ related.

5. State and explain Neo-classical approach to demand for money.

    [7

OR

What do you mean by supply of money ? Explain various measures of money supply adopted in India.

6. Explain the derivation of IS curve.   [7

OR

Explain how the monetary policy shifts the position of LM curve.

7. Examine the trade-off between inflation and unemployment through Philip's curve.   [7

OR

Define Trade Cycle and describe the Keynes' view on trade cycle.