

4 In 2023, India became the country with the largest population. This may affect the government's macroeconomic aims. In 2018, the Indian Government cut the country's corporation (corporate income) tax rate from 35% to 25%. Between 2019 and 2022, India's inflation rate averaged 6%. Some economists suggested that to achieve its central inflation rate target, the government should cut its spending.

- (a) Identify **two** macroeconomic aims of government that may conflict. [2]
- (b) Explain **two** reasons why a country may have a high population growth rate. [4]
- (c) Analyse how a cut in the corporation (corporate income) tax rate can increase economic growth. [6]
- (d) Discuss whether or not a decrease in government spending will reduce inflation. [8]