

2022

ECONOMICS

Paper : CC-9

(Intermediate Macroeconomics—II)

Full Marks : 80

Time : 3 hours

*The figures in the margin indicate full marks
for the questions*

1. Choose the correct answer from the following : 1×6=6
- (a) Harrod's model specifies that equilibrium with steady growth will get determined when
- (i) $G_w > G_n > G$
 - (ii) $G_w < G_n < G$
 - (iii) $G_w = G_n = G$
 - (iv) None of the above
- (b) In Solow's growth model, the capital output ratio is
- (i) fixed
 - (ii) variable
 - (iii) objective
 - (iv) All of the above

- (c) The Golden Age model of growth is associated with
- (i) Harrod
 - (ii) Domar
 - (iii) Keynes
 - (iv) Joan Robinson
- (d) According to modern theorists, the greatest contribution in the growth rate of output is that of
- (i) labour
 - (ii) capital
 - (iii) land
 - (iv) technological progress
- (e) Consumption function relates to
- (i) consumption and investment
 - (ii) consumption and income
 - (iii) consumption and saving
 - (iv) All of the above
- (f) Permanent income hypothesis was developed by
- (i) Modigliani
 - (ii) Duesenberry
 - (iii) Friedman
 - (iv) Adam Smith

2. Answer the following questions : 2×5=10
- (a) What is pump-priming?
 - (b) Write the meaning of APS and MPS.
 - (c) Give the meaning of liquidity trap.
 - (d) What is Golden Age equilibrium?
 - (e) Point out two similarities between the growth models given by Harrod and Domar.
3. Answer any six of the following questions : 5×6=30
- (a) Define warranted growth rate (G_w) and natural growth rate (G_n) as discussed in Harrod's model of growth.
 - (b) Explain briefly golden rule accumulation model of growth.
 - (c) What is consumption function? Briefly explain the characteristics of consumption function.
 - (d) Discuss Fisher's theory of optimal intertemporal choice.
 - (e) Explain in brief the concepts of residential investment and inventory investment. Bring out their differences.

- (f) Write clearly the relationship between APC and MPC with diagram.
- (g) Discuss rule vs. discretion in macro-economic policy.
- (h) State Say's law of market. Can Say's law be valid in money economy? Justify your answer.
- (i) State the assumptions of new Keynesian economics.

4. Answer any *two* of the following questions :

10×2=20

- (a) Write the steady-state of growth model of Solow.
- (b) State and explain Keynes' psychological law of consumption.
- (c) What is monetary policy? Describe its objectives.

5. Answer any *one* of the following questions : 14

- (a) Explain in detail Keynes' liquidity preference theory of money.
- (b) Discuss the effectiveness of fiscal policy to tackle inflation and unemployment.

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