

4 SEM TDC ECOH (CBCS) C 9

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(June/July)

ECONOMICS

(Core)

Paper : C-9

(Advanced Macroeconomics)

Full Marks : 80

Pass Marks : 32

Time : 3 hours

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

1. Answer the following as directed : 1×8=8

(a) $\left(1 - \frac{C}{Y}\right)$ means

(i) APC

(ii) MPC

(iii) APS

(iv) MPS

(Choose the correct answer)

(b) Who propounded the theory of optimal intertemporal choice?

(c) What is ratchet effect?

(2)

- (d) The slope of the LM curve depends upon
- (i) income elasticity of demand for money
 - (ii) interest elasticity of demand for money
 - (iii) both income and interest elasticities of demand for money
 - (iv) None of the above
- (Choose the correct answer)

- (e) Fiscal policy is effective in
- (i) classical range
 - (ii) Keynesian range
 - (iii) intermediate range
 - (iv) None of the above
- (Choose the correct answer)

- (f) Mention one basic proposition of monetarists.

- (g) The life-cycle hypothesis was developed by Milton Friedman.
- (Write True or False)

- (h) At the Golden Rule level of capital, the marginal product of capital is equal to
- (i) zero
 - (ii) one
 - (iii) the depreciation rate
 - (iv) None of the above
- (Choose the correct answer)

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(Continued)

(3)

2. Write short notes on any *four* of the following (within 150 words each) : 4×4=16
- (a) Consumption puzzle
 - (b) Determinants of residential investment
 - (c) Golden Rule level of capital
 - (d) Goals of macroeconomic policy
 - (e) Elements of endogenous growth
 - (f) Instability of equilibrium

Answer the following questions (within 500 words each) :

3. (a) What is consumption function? Explain the Keynesian consumption function with its limitations. 2+9=11

Or

- (b) Make an analysis on the accelerator theory of inventories. 11

4. (a) Discuss the Harrod-Domar model of economic growth. How far is this model applicable in developing countries like India? 9+3=12

Or

- (b) Explain the relationship between accumulation of capital and population growth. 12

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(Turn Over)

5. (a) Describe the role of technical progress in economic growth. How does technology alter the outcome obtained in Solow model of growth? $8+3=11$

Or

- (b) Explain the policies to promote economic growth. 11

6. (a) Examine the relative effectiveness of monetary and fiscal policy in IS-LM framework. 11

Or

- (b) Write a short note on government budget constraint. Give a brief idea about the relationship between government debt and Ricardian equivalence. $4+7=11$

7. (a) Write brief notes on the following :

(i) Monetarist counterrevolution 6

(ii) Policy ineffective proposition 5

Or

- (b) Explain the basic tenets of supply-side economics. Are the propositions of the supply-siders relevant in a country like India? $8+3=11$

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