4 SEM TDC ECOH (CBCS) C 9

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(June/July)

ECONOMICS

(Core)

Paper : C–9

(Advanced Macroeconomics)

$$\frac{\textit{Full Marks : 80}}{\textit{Pass Marks : 32}}$$

Time : 3 hours

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

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

   (a) $\left(1 - \dfrac{C}{Y}\right)$ 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?

　　　　　　(*Turn Over*)

(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)

2. Write short notes on any *four* of the following
   (within *150* words each) :
   $4 \times 4 = 16$

   (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. $2+9=11$
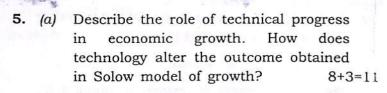
   Or

   (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

(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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