63/1 (SEM–4) ECO HC 4096 (CC 9)

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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

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(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 :

$10 \times 2 = 20$

(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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