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63/1 (Sem-4) CC9/ECOHC4096

2024

ECONOMICS

Paper : ECOHC4096

(Intermediate Macroeconomics-II)

Full Marks : 80

Pass Marks : 32

Time : Three hours

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

1. Choose the correct answer from the following: **(any six)** 1×6=6

(a) According to Domar, the warranted growth rate (G_w) is given by

(i) C_y/S

(ii) $C_r.C_s$

(iii) S/C_r

(iv) C_r/S

Contd.

(b) The golden rule of capital accumulation mean

(i) $\frac{\partial N}{N} = 0$

(ii) $\frac{\partial N}{N} = \frac{\partial K}{K}$

(iii) $\frac{\partial N}{N} < \frac{\partial K}{K}$

(iv) $\frac{\partial N}{N} > \frac{\partial K}{K}$

(c) According to modern theorist, the greatest contribution in the growth rate of output is that of

(i) Labour

(ii) Capital

(iii) Both (i) and (ii)

(iv) Technological

(d) In case of linear consumption function, as income rises

(i) MPC remains constant

(ii) MPC rises

(iii) MPC decreases

(iv) APC rises

(e) Life cycle hypothesis was developed by

(i) J. M. Keynes

(ii) F. Modigliani

(iii) Milton Friedman

(iv) Duesenberry

(f) The slope of investment function is measured by

(i) Marginal propensity to invest

(ii) Average propensity to invest

(iii) Marginal propensity to save

(iv) Average propensity to save

(g) In a state of liquidity trap, the speculative demand for money becomes

(i) Finite

(ii) Zero

(iii) Very little

(iv) Infinite

(h) Who formulated the permanent income hypotheses ?

(i) J. B. Say

(ii) Milton Friedman

(iii) Keynes

(iv) Amartya Sen

(i) A fall in wages and prices causes

(i) Fall in real balances

(ii) Rise in real balances

(iii) No change in real balances

(iv) Rise in wage prices

(j) MEC is a rate of

(i) Interest

(ii) Income

(iii) Discount

(iv) Return

2. Answer the following questions : **(any five)**

2×5=10

(a) What do you mean by steady growth ?

(b) What is knife-edge equilibrium ?

(c) Prove that $MPC = 1 - MPS$

(d) What is consumption-income puzzle ?

(e) Define liquidity trap.

(f) What is mean by fiscal policy ?

(g) What is an auction market ?

3. Answer the following questions : **(any six)**

5×6=30

(a) Distinguish between residential investment and inventory investment.

(b) Explain briefly the main elements of new-Keynesian economics.

(c) Point out the similarities between the growth model of Harrod and Domar.

- (d) Explain the concept of Average Propensity to Save (APS) and Marginal Propensity to Save (MPS) with suitable example.
- (e) Explain briefly Permanent Income hypothesis of consumption.
- (f) "Taxation as an instrument of economic stability." Explain.
- (g) Briefly explain the liquidity preference theory of interest.
- (h) Mention the assumptions underlying Solow's model of steady growth.
- (i) What are the main instruments of monetary policy?
- (j) Point out the main contents of Keynes theory of employment.

4. Answer the following questions : **(any two)**

10×2=20

- (a) State and explain the Keynes' psychological law of consumption function.

- (b) Critically explain the Harrod's model of growth.
- (c) Discuss the limitations of monetary policy in promoting economic growth in a developing countries.
- (d) Explain the assumptions underlying the classical theory. How did the classical writers determine output and employment?

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

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- (a) What is consumption function? Explain the attributes of consumption function. Discuss the limitations of Keynes consumption function.
- (b) Critically discuss the Solow's model of economic growth.
- (c) Discuss the policy implications of new-classical economic analysis.