M.A./M.Sc. 2nd Semester Examination, 2015

ECONOMICS

PAPER – ECO-201

Full Marks : 40

Time : 2 hours

The figures in the right hand margin indicate marks

Candidates are required to give their answers in their own words as far as practicable

Illustrate the answers wherever necessary

GROUP – A

1. Answer any two questions : 2 x 2

(a) Distinguish between effective and notional demand.

(b) What is the role of real balance in BG (Barro-Grossman) model?

(Turn Over)
(c) Write any two reasons behind efficiency wage.

(d) What is neo-Keynesian macroeconomics?

2. Answer any one question: 6 x 1

(a) What do you mean by consensus macroeconomics? What are the causes of the demise of this consensus macroeconomics? 2 + 4

(b) Explain with the help of a suitable diagram, the positively sloped short run aggregate supply curve with the help of sticky wage model. 6

3. Answer any one question: 10 x 1

(a) Explain how in the BG model output and employment are determined in a situation of general excess supply. 10

(b) Explain involuntary unemployment with the help of hysteresis in labour market and new Keynesian efficiency wage model. 6 + 4
GROUP – B

4. Answer any two questions : 2 x 2

(a) State two important features of Baumol's Inventory Theoric Approach.

(b) What is expectation augmented phillips curve ?

(c) What is sterilization policy ?

(d) What is purchasing power parity ?

5. Answer any one question : 6 x 1

(a) What is Rational Expectation ? Explain the trade-off between inflation and unemployment under Rational Expectation.

(b) Estimate the optimum growth rate of money in Cagon model of Hyper inflation and state the observations of Cagon.
6. Answer any *one* question: \(10 \times 1\)

(a) On the basis of Adaptive Expectation prove that expected change of price depends on past history of inflation and establish the inverse trade-off between acceleration of inflation and unemployment rate. \(5 + 5\)

(b) How does a monetary expansion under flexible exchange rate regime affect the macro equilibrium in the Mundell-Fleming framework and in the basic model of monetary approach to BOP? Compare the results. \(10\)