

2016

M.A. / M.Sc.

2nd Semester Examination

ECONOMICS

PAPER—ECO-201

Full Marks : 40

Time : 2 Hours

The figures in the right-hand margin indicate full 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 of the following : 2×2
- (a) Define the nature of labour supply function in the Barro-Grossman Model.
 - (b) Why is transaction needed to be suspended in a situation of disequilibrium in a perfectly competitive market ?
 - (c) What is hysteresis in labour market Unemployment ?

(Turn Over)

(d) Distinguish between general equilibrium and partial equilibrium.

2. Answer any *one* of following questions : 1×6

(a) Explain involuntary unemployment with the help of new keynesian Efficiency wage model.

(b) Explain the basic idea of sticky price model.

3. Answer any *one* the following questions : 1×10

(a) Set up the basic model of Barro Grossman to explain different types of notional disequilibrium in labour and output market.

(b) Explain the positively sloped short run aggregate supply curve with the help of (i) Sticky wage Model and (ii) Workers' Misperception Model. Point out some differences between the two models. 4+4+2

Group—B

4. Answer any *two* question from the following : 2×2

(a) Define the 'BP' curve.

(b) Under what condition fiscal policy is totally ineffective in the IS-LM-BP framework ?

(c) What is rational expectation ?

(d) Why Phillips curve is downward sloping ?

5. Answer any *one* question from the following : 1×6

(a) Show that devaluation produces both short run & long run output effect in a model where only goods are traded.

(b) "Long run Phillips curve is always a vertical straight line— Is it true ? Justify your position.

6. Answer any *one* question from the following : 1×10

(a) Define the basic frame work of the monetary approach to BOP and show the effects of expansionary monetary policy and output expansion on the macro system under flexible exchange rate regime.

(b) In Cagan Model of hyper inflation prove that price depends on all future expected money supply. Estimate the optimum growth of money in this model.