

Total Page - 3

M.Phil/2nd Sem/ECO/19

2019

M.Phil.

2nd Semester Examination

ECONOMICS

Paper - ECO 122

Full Marks : 50

Time : 2 Hours

The figures in the 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 from the following :

5×2=10

- (a) What is exchange rate overhauling ? Explain it with a suitable model. 5
- (b) What happens to exchange rate when there is a change in income in the Mundell-Fleming model ? Compare the result with that of the monetary approach to BOP model. 5

[Turn Over]

- (c) Critically discuss the importance of Solow residual in the real business cycle model. 5
- (d) Define a steady state equilibrium under neo-classical growth model. Why is the term 'overlapping generations' important? 2+3=5

2. Answer any *one* question from the following :

10×1

- (a) With the help of a standard model of rational expectation explain the phenomena of policy irrelevance. 10
- (b) Explain how optimum stock of capital is derived under the overlapping generations model. 10

Group - B

3. Answer any *two* questions from the following :

5×2=10

- (a) Explain the stability in equilibrium in Solow growth model. 5
- (b) In the case of 'Lucas Model' show that physical capital must grow at the rate ' $k + \lambda$ ', where λ is the exogenously given rate of growth of population and k is the rate of growth of per-capita consumption for the attainment of steady state equilibrium. 5