

2014

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* of questions : 2×2
- (a) How is output demand curve determined in the Barro Grossman Model ?
 - (b) What are the basic features of the Classical model of macro-economics ?
 - (c) What is hysteresis in the lobar Merken ?

(Turn Over)

- (d) Give some justifications for sticky price in case of sticky Price Model of Aggregate supply.

2. Answer any *one* questions : 1×6

- (a) What do you mean by 'consensus macroeconomics'? What causes the demise of this 'consensus'? Name the different branches of macroeconomics that emerges after the demise of the 'consensus'. 2+2+2

- (b) What do you mean by Micro-foundation of macroeconomics? Write in short, about those different lines of research that tried to give micro-foundations of Keynesian macro theory. 2+4

3. Answer any *one* questions : 10×1

- (a) Define a situation of general excess supply in the Barro-Grossman Model. Show how equilibrium is determined in such a situation.

- (b) Derive the optimum conditions of Robinson Cruseo's real business cycle model.

Explain involuntary unemployment with the help of new Keynesian Efficiency Wage Model. 5+5

Group—B

4. Answer any *two* questions : 2×2
- (a) What is Purchasing Power Parity ?
 - (b) Should exchange-rate depreciation always be favoured ?
 - (c) What is long-run in macro-economics ?
 - (d) State the natural rate of unemployment hypothesis.
5. Answer any *one* questions : 1×6
- (a) How would you get the B-P curve on the i - y plane ?
What do points above or below represent ?
 - (b) Estimate the optimal growth of money during hyper inflation and state the observations of Cagan.
6. Answer any *one* questions : 1×10
- (a) In a framework of small open economy with non-trade goods, derive the internal and external balance schedule in a P_n - A (relative price of non-trades goods in terms of traded goods and total expenditure) plane and then divide that plane into different zones of 'economic unhappiness'.

- (d) Establish the inverse trade-off between acceleration of inflation and unemployment on the basis of adaptive expectation hypothesis.
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