

2018

CBCS

3rd Semester

ECONOMICS

PAPER—C6T

(Honours)

Full Marks : 60

Time : 3 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.

Intermediate Macroeconomics-I

Answer all questions

Group—A

1. Answer any ten questions : 10×2

(a) Define Keynesian Consumption Function.

(b) How does Investment Multiplier work in enhancing National Income ?

(Turn Over)

- (c) What is IS curve ?
- (d) What is LM curve ?
- (e) What is wage rigidity in Keynesian Model ?
- (f) What do you mean by imperfect capital mobility ?
- (g) State two reasons behind upward shift of the Aggregate Demand curve.
- (h) What do you mean by rational expectation ?
- (i) What is the important conclusion of sticky Price Model ?
- (j) What is Natural Rate of Unemployment (NRU) ?
- (k) What is Okun's Law ?
- (l) State two factors which can shift LM curve ?
- (m) What are Labour Force Participation Rate and Unemployment Rate ?

- (n) What is Marshall Lerner condition for successful devaluation? 2
- (o) Why is speculative demand for money inversely related with interest rate? 2

Group - B

2. Answer any *four* questions : 4x5
- (a) Explain Paradox of Thrift.
- (b) What is investment multiplier? How can the investment multiplier be derived through Savings Investment equality? 2+3
- (c) Explain the impact of demand shock in Aggregate Demand Supply Model.
- (d) Write a critical note an balanced budget multiplier.
- (e) Briefly present the Mundell-Fleming model in the context of open macro economy.
- (f) Derive the aggregate supply curve in the presence of wage rigidity.

- (g) What do you mean by real balance ? Write a short note on real balance effect.

Group - C

3. Answer any *two* questions : 2×10

(a) Explain the classical and Keynesian Zone of LM curve. Explain how the effectiveness of the fiscal policy varies with the Zone of the LM curve.

(b) Explain how the income equilibrium is determined under closed and open economy in the simple Keynesian Model. Discuss the conditions for stability of this equilibrium. (3 + 3) + 4

(c) Explain the nature of trade-off between inflation and unemployment in the short-run and long-run Phillips curve. 5 + 5

(d) What do you mean by aggregate demand in macro economics ? How is the aggregate demand curve derived in the Keynesian framework ? 3 + 7