

(4)

- (c) Write a brief note on Monetary Over-Investment Theory.
- (d) Distinguish between Adaptive Expectations and Rational Expectations.
- (e) Make a Comparison of Domestic Spending and Spending on Domestic Goods.
- (f) Explain New Keynesian Economists view on market failure and expansionary monetary policy.

Group—D

4. Answer any *two* questions each within 300 words : $15 \times 2 = 30$
- (a) Explain the decentralized household problem in the Ramsey Model.
 - (b) Critically evaluate the endogenous growth theory.
 - (c) Bring out the salient features of the real business cycle theory.

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Total No. of Questions : 4]

[Total No. of Printed Pages : 4

Course Code
MEC – 02

Term End Examination - December, 2019

MACROECONOMIC ANALYSIS

Master of Arts (Economics) (MAEC)

Time : 3 hours

Full Marks : 100

The figures in the right-hand margin indicate marks

Answer **all** Groups as directed

Group—A

1. Answer *all* the questions, each within 1 word : $1 \times 10 = 10$
- (a) “Supply creates its own demand” is the idea of _____.
 - (b) The deficiency of aggregate demand during depression period leads to _____ type of unemployment.
 - (c) The ratio between change in desired consumption expenditure (ΔC) corresponding to a change in personal disposable income (Δy_d) is called.

(2)

- (d) In Solow model persistently rising living standards can only be explained by _____.
- (e) If inflationary expectation increase, the Philips curve will _____.
- (f) Which model study about “the life cycle behaviour and allocation of resources across the generations”?
- (g) Which stage occurs in a business cycle when aggregate economic activity hits its lowest point?
- (h) “Frictional unemployment occurs as workers search for jobs and businesses search for new employees” – which theory explained this idea?
- (i) “Under Imperfect Competition Price is set, not equal to marginal cost, but as a mark-up over cost” – which rigidity is it?
- (j) When the value of a currency falls, it is called _____.

(3)

Group—B

2. Answer any *four* questions each within 100 words : 5×4=20
- (a) Write the conditions for steady-state of Solow Model.
- (b) What is dynamic inefficiency in an economic according to Overlapping Generation Model?
- (c) What is meant by ‘Liquidity Trap’?
- (d) What is Maximax Criterion?
- (e) Write the formula of Consumption Capital Asset Pricing Model.
- (f) What is Mature Synthesis?

Group—C

3. Answer any *four* questions each within 200 words : 10×4=40
- (a) Explain the inefficiency of fiscal policy under a flexible exchange rate.
- (b) Explain why prices and wages may not be flexible in an economy.