

B.A. (Honours) Examination 2023
Semester—III (CBCS)
Economics
Course CC-6
(Intermediate Macroeconomics-I)

Time: 3 hours

Full Marks: 60

Questions are of value as indicated in the margin

Answer any four questions

1. If a macroeconomic equilibrium is disturbed, how is it regained in a Classical system? How does this process differ in the Keynesian system? Discuss using the macroeconomic accounting framework. 7.5+7.5=15
2. Discuss the concept of a Simple Keynesian Multiplier. What is the source of the operation of this multiplier process, and how? Why is such a multiplier absent in the Classical framework? 5+5+5=15
3. Discuss the policy debate in macroeconomics considering the Classical and Keynesian schools of thought. Discuss using the AD-AS framework. 7.5+7.5=15
4. (a) How do you derive the aggregate demand curve under the IS-LM framework? Explain with diagrams. (b) What are the sources of wage rigidity in a Keynesian labour market? How is equilibrium employment determined in a Keynesian labour market? 8+(3+4)=15
5. (a) Derive aggregate supply curve in CKM with fixed money wage and variable price.
(b) Explain the effects of monetary and fiscal policy on output, employment, and interest rates under CKM with fixed money wages and variable prices. 7+(4+4)=15
6. Explain mathematically the effects of an increase in tax rate on equilibrium income and rate of interest in the IS-LM model. 15
7. Present a Complete Keynesian Model. How do you determine equilibrium values of real national income, real interest rate, money price level and aggregate employment in this model? 5+10=15
8. Write short notes on the following (any two): 7.5+7.5=15
 - (a) Implications of the policy mix in the context of IS-LM model
 - (b) Difference between Classical and Keynesian unemployment theory
 - (c) Life Cycle Hypothesis
 - (d) Transaction and Speculative Demand for Money