M.A. Examination, 2019

Semester-IV

Economics

Course: OP-16 (Optional)

(Modern Growth Theory)

Time: 3 Hours **Full marks: 40**

Questions are of value as indicated in the margin.

Answer ***any four*** from the following questions.

1. What is "Knife-edge instability" problem? How this problem is solved in Solow model? 4+6
2. Write down what will be the consequences of introducing human capital in Solow model. 10
3. State the assumptions of Ramsey-Solow model. How does this model differ from Solow model? Write a short note on "Time minimization problem" of Ramsay Solow model. 3+2+5
4. What is the difference between Endogenous Technical Progress and Exogenous Technical Progress? Explain different types of Exogenous Technical Progress. Which typeof Exogenous Technical Progress is consistent with stability of steady state? Explain in detail. 1+3+6
5. What will be the effect of introducing proportional consumption tax replacing proportional income tax in Barrow (1990) model? Explain the steady state properties in this modified Barrow (1990) model. 5+5
6. In which way Futagami, Morita and Shibata (FMS) (1993) model is an extension over Barrow (1990) model? Derive the growth rate maximizing condition in FMS model. 2+8
7. Show in the context of Arrow Model (1962) that competitive market equilibrium is Pareto inefficient. 10