

B.A. (Honours) Examination, 2018
Semester-III (CBCS)
Economics
Course: CC-6 (Core)
(Intermediate Macroeconomics-I)

Time: Three Hours

Full Marks: 60

Questions are of value as indicated in the margin
Answer *any four* questions

1. What is Stagnation Thesis? What are its policy implications? 10+5=15
 2. How can the short run variability and long run constancy of APC be reconciled using Permanent Income Hypothesis? 15
 3. Using PDV criterion, show the process of determination of optimum capital stock. How is the rate of investment affected by a change in the rate of interest? 10+5=15
 4. Analyse the crowding out effect of an expansionary fiscal policy using a standard IS-LM framework. How does the outcome change under acute depression and why? 10+5=15
 5. Derive an aggregate demand curve using the IS-LM framework. What will be its shape in a recessionary situation and why? 10+5=15
 6. Using the Complete Keynesian Model, analyse in detail, the effects of an expansionary monetary policy. How does this effect change during recessions? 12+3=15
 7. "Money matters in the short run, though not in the long run". Discuss this Monetarist position using an AD-AS framework. 15
 8. Write short notes (*any two*): 7½+7½=15
 - (a) Rational expectations
 - (b) Expectation augmented Philips curve
 - (c) Lucas Critique and Policy Irrelevance
 - (d) Stagflation
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