

B.A. (Honours) Examination, 2018

Semester-III

Economics

**Course: H-6 (Core)
(Macroeconomics-II)**

(For Back Candidates)

Time: Three Hours

Full Marks: 40

Questions are of value as indicated in the margin

Answer *any four* questions

1. What is Absolute Income Hypothesis? What are its policy implications? 6+4=10
 2. How can the short run variability and long run constancy of APC be reconciled using Life-Cycle Hypothesis? 10
 3. Using IRR 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? 8+2=10
 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? 7+3=10
 5. Derive the Classical aggregate supply and demand curves. 6+4=10
 6. Using the Complete Keynesian Model, analyse in detail, the effects of an expansionary monetary policy. How does this effect change during recessions? 8+2=10
 7. "Money matters in the short run, though not in the long run". How does this Monetarist position change under Rational Expectations? Discuss. 10
 8. Write short notes (*any two*): 5+5=10
 - (a) Adaptive expectations
 - (b) Expectation augmented aggregate supply curve
 - (c) Policy irrelevance
 - (d) Speculative demand for money
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