

QP Code : 23/PT/11/VIII

POST-GRADUATE COURSE
Term End Examination — June, 2023/December, 2023
ECONOMICS

Paper-VIII : MACROECONOMIC THEORY

Time : 2 hours]

[Full Marks : 50

Weightage of Marks : 80%

Special credit will be given for precise and correct answer. Marks will be deducted for spelling mistakes, untidiness and illegible handwriting. The figures in the margin indicate full marks.

Use of scientific calculator is strictly prohibited.

1. Answer any *four* of the following questions : $2\frac{1}{2} \times 4 = 10$
- a) What is meant by 'rational' expectations ?
 - b) What is efficiency wage ?
 - c) What is Say's law of Markets ?
 - d) What is 'Steady state' growth ?
 - e) What is 'inside' money ?
 - f) What is 'classical' unemployment ?
2. Answer any *four* of the following questions : $5 \times 4 = 20$
- a) Why is the CC curve downward sloping in the neoclassical macro-model of Patinkin ?
 - b) How does demand shock generate real business cycle ?
 - c) What is the shape of the Phillips curve when expectations about future prices are 'adaptive' ?
 - d) How does the capital-output ratio adjust when the economy is away from steady state equilibrium, in a one-sector neoclassical growth model ?
 - e) Explain the notion of dynamic inefficiency in macroeconomics.
 - f) What is the 'dual decision' hypothesis ?

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3. Answer any *two* of the following questions : 10 × 2 = 20
- a) Is money neutral in neoclassical macro-model of Patinkin ? Give reasons.
 - b) Consider a demand-constrained dual economy model where propensities to consume differ between classes of income earners. Determine the output levels of both the sectors, and examine the effects of Green Revolution in the agricultural sector. Explain your answer.
 - c) Explain the phenomenon of involuntary unemployment in terms of the new Keynesian macroeconomic theories.
 - d) “Workers spend what they get, and capitalists get what they spend.” Explain clearly.
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