

**M.A./M.Sc. 1st Semester Exam., 2024**  
**ECONOMICS**

*( Advanced Macroeconomics )*

PAPER — ECO-102 (A + B)

*Full Marks : 50*

*Time : 2 hours*

**Answer all questions**

*The figures in the right hand margin indicate marks*

*Candidates are required to give their answers in  
their own words as far as practicable*

**GROUP—A**

Answer any **two** of the following questions :  
2 × 2

1. Briefly distinguish the neo-classical models of macroeconomics from the neo-Keynesian models.

*( Turn Over )*

( 2 )

2. Under what condition an economy will be dynamically inefficient ?
3. What is the role of real balance in the Barro-Grossman model ?
4. What do you mean by transaction under market-non-clearing condition ? What is the nature of such transaction ? 1 + 1

Answer any **two** of the following questions :  $4 \times 2$

5. How the efficiency wage model justifies the existence of involuntary unemployment ? Explain.
6. Critically discuss the notion of 'menu cost' as a possible explanatory factor of business cycles.

7. What is meant by business cycle ? What is the policy prescription of rational expectations to mitigate the business cycles and why ?  
2 + 1 + 1
8. Explain how the equilibrium in the labour market is attained and in the real balance-real wage plane in the Barro-Grossman model.

Answer any **one** of the following question : 8 × 1

9. Stating the assumptions explain the basic structure of a two-period over-lapping generation (OLG) model. How is the OLG model different from the Solow growth model ?  
6 + 2
10. Explain the Neo-Keynesian model of credit rationing.

### GROUP – B

Answer any **two** of the following questions : 2 × 2

( 4 )

11. What is the natural rate of unemployment hypothesis ?
12. Define hyperinflation and provide two examples.
13. What do you mean by the Augmented Phillips Curve ?
14. What is seigniorage ?

Answer any **two** of the following questions :  $4 \times 2$

15. Explain why the Individual Liquidity Preference Schedule (LPS) is a step function, while the aggregate LPS is downward sloping.
16. Briefly explain the rational expectations hypothesis and describe the shape of the Phillips Curve under this hypothesis.
17. Explain Hall's Random Walk Hypothesis.

**18.** Discuss the distinctive features of Malinvaud's Unemployment Disequilibrium Mode.

Answer any **one** of the following question :  $8 \times 1$

**19.** Explain the trade-off between inflation and unemployment under the Adaptive Expectations Hypothesis in the short run and the long run.

**20.** In the context of Cagan's model of hyperinflation, demonstrate that the price at time 't' depends on the future expected money supply. Derive the optimum growth of money under seigniorage and interpret it.

**[ Internal Assessment — 10 Marks ]**

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