No. of Printed Pages—3

443B (MAC2)

[16–HDGKACRM–M2]

MA 2nd Semester Exam., 2016

ECONOMICS

(Code : MEC/MAEC 06)

Macroeconomics—II

Full Marks : 80

Time : 3 hours

The figures in the margin indicate full marks for the questions

1. Answer any *five* from the following questions (each in around *50* words) : 2×5=10

(a) What do you mean by liquidity trap?

(b) What is outside money?

(c) Define the concept of stagflation.

(d) What is meant by capital wedge?

(e) What does recession in a business cycle mean?

(f) Define warranted rate of growth.

2. Answer any *three* from the following questions (each in around *150* words) : 4×3=12

(a) How does the supply of high-powered money influence the value of the money multiplier?

(b) Explain the relation between speculative demand for money and rate of interest.

(c) Explain the difference between Wicksell's and Keynes' analysis of inflation.

(d) Explain with a diagram the concept of inflationary gap.

3. Answer any *three* from the following questions (each in around *250* words) : 6×3=18

(a) Discuss the relationship between wage inflation and unemployment with the help of short-run and long-run Phillips curves.

(b) Give a detailed analysis of new classical approach to macroeconomics.

(c) Explain how monetary and fiscal policies help to control business cycle of an economy.

(d) Discuss the three different approaches of the challenges faced by neoclassical writers.

4. Answer any *four* from the following questions (each in around *500* words) : 10×4=40

(a) What are the different functions of money? Discuss the various determinants of money supply. 4+6=10

(b) Explain James Tobin's and William J. Baumol's approaches to the demand for money. 10

(c) What are the significant features of supply side economics? On what basis economists have criticised supply side economics? 6+4=10

(d) Discuss the Kaldor's theory of trade cycle with the help of suitable diagram. 10

(e) What is the equilibrium rate of economic growth? Explain the three concepts of economic growth proposed by Harrod. 4+6=10

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