

Date of Exam: 04.12.2020; Time: 2 p.m.-3 p.m.

**C.U. Undergraduate Intermediate Examination, 2020
Intermediate Macroeconomics-II
CC-IX
Full Marks-50**

[Theory Full Marks-32]

Answer all the questions

10X2

1. In Harrod-Domar growth model, the emphasis is upon
 - (a) Autonomous investment
 - (b) Induced investment
 - (c) Both of them
 - (d) None of them
2. Harrod's model specifies that equilibrium with steady growth rate will get determined when
 - (a) $G_w > G_n > G$
 - (b) $G_w < G_n < G$
 - (c) $G_w = G_n = G$
 - (d) None of these
3. The technological progress in Solow's growth model is supposed to be
 - (a) Neutral
 - (b) Non-neutral
 - (c) None of these
 - (d) Both of these
4. The life-cycle hypothesis relates current consumption to
 - (a) Current income
 - (b) Previous net worth
 - (c) Discounted value of expected non-property income
 - (d) All of these
5. The permanent income hypothesis was developed by
 - (a) Modigliani
 - (b) Duesenberry
 - (c) Friedman
 - (d) None of them
6. The real business cycle model has been developed by
 - (a) Nelson
 - (b) Plosser
 - (c) Mankiw
 - (d) All of them
7. Wage and prices in New Keynesian economics are
 - (a) Sticky
 - (b) Flexible
 - (c) Both of them
 - (d) None of them
8. The demand management policies, according to the new classical theory, are
 - (a) Effective
 - (b) Ineffective
 - (c) Both of them
 - (d) None of them
9. The new classical macro-economic structure is comprised of
 - (a) Rational expectations
 - (b) Continuous market clearing
 - (c) Aggregate supply hypothesis
 - (d) All the above
10. According to Solow, the knife-edge equilibrium
 - (a) Exists
 - (b) Does not exist
 - (c) Neither of them
 - (d) Both of them

Answer any two questions:

2X6

1. Explain clearly the steady state growth model of Solow.
2. Explain briefly the Rational Expectations Hypothesis.
3. Explain briefly the Life Cycle Hypothesis of income and consumption

[Internal Assessment Full Marks-10]

Answer all the questions:

4X2

1. Between permanent income and transitory income, the correlation is
(a) Positive (b) Negative
(c) Zero (d) One
2. According to Fisher inter-temporal choices of consumption are affected by changes in
(a) Income (b) Relative prices
(c) Both of them (d) None of them
3. In Solow's growth model, the capital-output ratio is
(a) Fixed (b) Variable
(c) Neither of them (d) Both of them
4. The New Keynesian approach holds that the market information is
(a) Symmetric (b) Asymmetric
(c) Both of them (d) None of them

Answer any one:

1X2

1. What is transitory income.
2. Define warranted growth rate.

[Tutorial Full Marks-08]

Write a term-paper on the following:

1X8

Possible Impact of Covid-19 Pandemic on Indian Macroeconomics