POST-GRADUATE DEGREE PROGRAMME
Term End Examination — December, 2024
ECONOMICS
Paper-VIII : MACROECONOMIC THEORY

Time : 2 hours]

[Full Marks : 50

Weightage of Marks : 80%

Special credit will be given accuracy and relevance in the answer. Marks will be deducted for spelling, untidy work and illegible handwriting. The weightage for each question has been indicated in the margin.

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 dual decision hypothesis ?

    b) What is 'surprise' supply equation of Lucas ?

    c) How do menu costs contribute to price stickiness ?

    d) What is the key difference between the Overlapping Generations (OLG) model and the Ramsey model ?

    e) Why did Lewis assume an infinitely elastic supply of labour in the modern sector in his model of development ?

    f) Write Kalecki's prediction regarding the emergence of a political business cycle.

2. Answer any *four* of the following questions : $5 \times 4 = 20$

    a) Explain the contribution of Barro and Grossman to the macroeconomic disequilibrium model.

    b) What were Milton Friedman's criticisms of the Phillips curve ?

    c) Briefly discuss the Insider-Outsider model developed by Lindbeck and Snower (1986).

    d) Discuss the core classical elements of Lewis's dual-sector model and their implications for economic development.

    e) State the seminal ideas of Nicholas Kaldor on Macroeconomics.

    f) Explain the role of government in a decentralised economy.

3.   Answer any *two* of the following questions :   10 × 2 = 20

     a)   Do you agree wih the view that IS-LM model is a simplified version of the Marshallian general equilibrium framework ? Support your answer with arguments.

     b)   Discuss the views on the role of expectations in macroeconomics.

     c)   Explain the Efficiency Wage Model along with its assumptions.

     d)   Derive the basic dynamic equation of the standard two-period Overlapping Generations (OLG) model.

———————

       PG/3111