## TDC (CBCS) Odd Semester Exam., 2020 held in March, 2021

## ECONOMICS

( 3rd Semester )

Course No. : ECOHCC-302T

(Intermediate Macroeconomics—I)

Full Marks : 70 Pass Marks : 28

Time : 3 hours

The figures in the margin indicate full marks for the questions

SECTION-A

1. Answer any ten of the following questions :

2×10=20

( Turn One

(a) What is aggregate demand?

(b) What is autonomous expenditure?

(c) Define aggregate supply.

(d) What is equilibrium level of income?

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- (e) What is inflation?
- (f) Define stagflation.
- (g) Give the meaning of natural rate of unemployment.

A.

- (h) What is adaptive expectation in the context of Phillips curve?
  - (i) Write two components of aggregate demand in the open economy.
- (j) Mention two drawbacks of Purchasing Power Parity theory.
  - (k) What is Purchasing Power Parity?
  - (l) What is exchange rate?
  - (m) State CRR.
  - (n) Distinguish between active and passive monetary policies.
  - (o) What are the instruments of monetary policy?
  - (p) What is monetary neutrality?
  - (q) Define fiscal policy.

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(Continued)

(r) What is government budget constraint?

(s) Name two types of Government budget.

Mention two assumptions of Ricardian equivalence.

## SECTION-B

## Answer any five questions

- 2. Give an outline of the components of aggregate demand. Derive aggregate demand curve in IS-LM framework. 4+6=10
- Determine equilibrium output in AD-AS model. What are the factors that lead to the shift of aggregate demand curve? 6+4=10
- 4. Define Phillips curve. Describe short-run Phillips curve with the help of diagram.

2+8=10

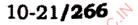
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5. Distinguish between adaptive expectation and rational expectation. What are the assumptions of rational expectation theory? Discuss briefly rational expectation theory.

3+3+4=10



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(Turn Over)

Define foreign exchange rate. Discuss how exchange rate is determined under demand-supply approach.

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- 7. State and explain the purchasing power parity theory of exchange rates. Mention the limitations of the theory. 7+3=10
- 8. What is monetary policy? Discuss the objectives of monetary policy. 3+7=10
- 9. (a) How does a rule-based monetary policy differ from discretionary monetary policy?
  - (b) Discuss the role of monetary policy in a developing economy. 4+6=10
- 10. "Financing of the budget deficit brings to light the different kinds of macroeconomic imbalances." Discuss briefly.
- 11. Discuss critically Ricardian equivalence theory.

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