

2022

Time - 3 hours

Full Marks - 80

Answer all groups as per instructions.

Figures in the right hand margin indicate marks.

*Candidates are required to answer
in their own words as far as practicable.*

GROUP – A

1. Answer all questions and fill in the blanks by choosing correct answer from the given options below each question. [1 × 12

(a) Which of these, shows a possibility of economic growth as per Solow ?

- (i) Steady state
- (ii) Equilibrium growth
- (iii) High productive system
- (iv) Highly unproductive System
- (v) All the above

(b) Solow Model is a _____ of Harrod Domar Model.

- (i) extension
- (ii) alternative
- (iii) reformulation
- (iv) none of the above

- (c) As per Solow model, technological improvement is _____.
- (i) Neutral (ii) Progressive
(iii) Regressive (iv) All the above
- (d) _____ shows basic identity of Solow model.
- (i) $\dot{K} = sY$ (ii) $\dot{K} = Y$
(iii) $\frac{dk}{dt} = sf(K, L)$ (iv) All the above
- (e) Production function is _____ in Solow model.
- (i) Continuous (ii) Discontinuous
(iii) Composite (iv) All the above
- (f) What is Balance of payment ?
- (i) Difference between visible items of exports and imports.
(ii) Difference between invisible items of exports and imports.
(iii) Difference between external and internal flow of gold.
(iv) Systematic record of all economic transactions between its residents and residents of foreign countries.
- (g) Which of the following transactions are recorded in the current account of BoP ?
- (i) Import and Export of goods and services

- (ii) One-sided transfer from one country to the other
 - (iii) both (i) and (ii)
 - (iv) None of the above
- (h) Which of the following are the main items of BoP on capital account ?
- (i) Foreign investment
 - (ii) Loans
 - (iii) Inflow and outflow of banking capital
 - (iv) All of the above
- (i) Balance of Payment is always –
- (i) Favourable
 - (ii) Unfavourable
 - (iii) Balanced
 - (iv) None of these
- (j) As against Balance of Trade, BoP is –
- (i) More comprehensive
 - (ii) Less comprehensive
 - (iii) Both (i) and (ii)
 - (iv) All of these
- (k) Purchasing power parity theory was propounded by –
- (i) G. Cassel
 - (ii) A. Marshall
 - (iii) A.C. Pigou
 - (iv) None of the above

[4]

- (I) Equilibrium exchange rate in a large open economy is determined where –
- (i) Trade balance is greater than net capital outflow.
 - (ii) Trade balance is less than net capital outflow.
 - (iii) Trade balance is equal to net capital outflow.
 - (iv) None of these

GROUP – B

2. Answer any eight of the following questions within two to three sentences each. [2 × 8

- (a) State Solow's fundamental equation.
- (b) State the production function of Solow Model.
- (c) What is golden rule level of capital accumulation in Solow Model ?
- (d) What is appropriate technology ?
- (e) State how Solow has incorporated technological progress in his growth model.
- (f) What is endogenous growth ?
- (g) What is disequilibrium in BoP ?
- (h) Mention three causes of disequilibrium in BoP.

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- (i) What is devaluation ?
- (j) How AD curve is derived in Mundell-Fleming model ?

GROUP – C

3. Answer any eight of the following questions within 75 words each.

[3 × 8

- (a) Derive IS curve in a small open economy.
- (b) State the working of fixed exchange rate system.
- (c) Write briefly about Mundell-Fleming model.
- (d) What is automatic stabilisation policy ?
- (e) State the limitations of discretionary fiscal policy.
- (f) Write implications of classical theory of employment.
- (g) Write a note on work-leisure trade off.
- (h) "Supply creates its own demand." Explain.
- (i) State and interpret Pigou's cash balance equation.
- (j) "Savings and Investment are always equal." Explain.

GROUP – D

*Answer **any four** questions within 500 words each.*

4. Explain Solow model of Economic Growth. Is it applicable to UDCs.

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5. Discuss the Endogenous AK Model of Growth. [7]
6. Analyse the causes of adverse BoP. How can it be corrected ? [7]
7. Explain Mundell-Fleming Model with changing price level. [7]
8. "General over-production and General unemployment are impossible." Critically examine this statement. [7]
9. Explain Keynesian theory of Employment. What are its implications. [7]
10. Discuss Friedman's reformulation of Quantity Theory of money. [7]
11. Explain Augmented Philips curve theory. [7]