

2012
(JULY)
ECONOMICS
Macroeconomic Analysis II

Full Marks: 75
Time: 3 hours

The figures in the margin indicate full marks for the questions

Answer **five** questions, selecting at least **one** from each Credit

CREDIT I

1. “Baumol’s approach to the transaction demand for money is a significant improvement over the Keynesian theory of transaction demand for money.” Discuss (15)
2. Derive the money multiplier when there is presence of demand deposit as well as demand deposit and time deposit. Also mention the determinants of money multiplier. (10+5)

CREDIT II

3. Discuss the concept of full inflation. Also discuss the Bent Hansen’s model of full demand inflation. (5+10)
4. Discuss the major issues related to macroeconomic policy in India and critically evaluate the major ongoing debates. (15)

CREDIT III

5. Explain the role played by the multiplier, the accelerator and the natural rate of growth of income in the Hicksian theory of trade cycle. (15)
6. Give a critical assessment of the Schumpeter’s theory of business cycle. (15)

CREDIT IV

7. Give a detailed explanation of Duesenberry’s model in determining the equilibrium rates of growth as a function of the capital-output ratio. (15)
8. Explain critically Weintraub’s income distribution model in relation to the aggregate demand and the aggregate supply functions. (15)
