



**2020/TDC (CBCS)/ODD/SEM/
ECOHCC-302T/455**

**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 :
 $2 \times 10 = 20$

- (a) What is aggregate demand?
- (b) What is autonomous expenditure?
- (c) Define aggregate supply.
- (d) What is equilibrium level of income?



(2)

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

(3)

- (r) What is government budget constraint?
- (s) Name two types of Government budget.
- (t) 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
3. 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
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



6. Define foreign exchange rate. Discuss how exchange rate is determined under demand-supply approach. $3+7=10$
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. 10
11. Discuss critically Ricardian equivalence theory. 10

★ ★ ★