

20-3-17



Doon University, Dehradun  
Mid Semester Examination, 2017  
School of Social Science  
MSc Semester – 2nd (Economics)  
Course – SSEI -151  
Macroeconomics-II

Time Allowed: 2 hrs

Maximum Marks: 30

**Section – A**

Attempt all questions

(5x2 = 10 Marks)

1. What is natural rate of unemployment?
2. Explain the terms adverse selection and moral hazard in context of efficiency wage theory.
3. What do you understand by labour augmenting technological progress?
4. How does public policy impact the frictional unemployment?
5. What criterion is used to evaluate whether an economy has more or less capital than at the Golden Rule steady state?

**Section - B**

Attempt any **Two** questions

(2x4=8 Marks)

1. Explain how “job search” and “wage rigidity” form the basic reasons for unemployment.
2. How saving affects the growth according to Solow Model?
3. How does population growth alter Solow Model?

**Section-C**

Attempt any **Two** questions

(2x6=12 marks)

1. Explain the steady state (in context of Solow Growth Model) with technological progress.
2. State the effect of technological progress. Also explain how different key variables behave in the steady state with technological progress.
3. Explain the following terms:
  - (a) Unemployment insurance
  - (b) Structural Unemployment
  - (c) Golden Rule level of capital