



24/3/2018

## Doon University, Dehradun

Mid Semester Exams --March 2017-2018

SCHOOL OF SOCIAL SCIENCES ( ECONOMICS )

Time 2 hrs

MSc. Intg. 8<sup>th</sup> semester ( Economics )

SSEI 521

ADVANCE MACROECONOMICS ii

MM 30

MA 2<sup>nd</sup> Semester ( Economics ) SSE 531

Macroeconomics ii

### SECTION A [ Very short Answers ]

3x2=6

Attempt all questions—

Q.1. What do you understand by 'Liquidity Constrains and Myopia ' in the theory of Consumption .

Q.2. In terms of Permanent Income hypothesis would you consume more of your Bonus if

a. You knew it would be given every year.

B This is the only year it is given.

Q.3. Explain the equation --  $rc = i - d + \pi^e$  (expected Inflation )

### SECTION B—[ Medium Answers ]

Answer any Three

3x4=12

Q.1.What are Savings ? Explain GROSS NATIONAL SAVINGS and its constituent components .

Q.2. Explain the effect of STOCK MARKET on Consumption and also explain what do you understand by Barro-Ricardo problem ?

Q.3. Discuss the reasons for the need of Inventories and explain the types of Inventory Investments .

Q.4. Discuss the Boumol –Tobin formula for the Demand for money with the help of transaction Demand .

### SECTION C ( Attempt any two )

2x6=12

[ Long Answers ]

Q.1.Discuss the theories of Demand for Money as given by J M KEYNES and by MILTON FRIEDMAN .

Q.2. How is Capital Stock adjustment made ? Explain with the help of Flexible accelerator model of capital accumulation using diagram and equation.

Q.3. Explain RELATIVE INCOME HYPOTHESIS of Consumption and give its main differences with Absolute Income hypothesis .

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