

Total number of printed pages-3

14 (ECO-2) 2026

**2022**

**ECONOMICS**

Paper : ECO-2026

Full Marks : 80

Time : Three hours

***The figures in the margin indicate full marks for the questions.***

1. Answer ***all four***: 5×4=20
  - (a) Define money multiplier. 5
  - (b) What is Solow Residual in Growth Accounting? 5
  - (c) How do the New Keynesians' justify their assertion that prices are sticky in the short run? 5
  - (d) Explain the 'learning curve strategies' of the Boston Consultancy Group in the context of New Endogenous Growth theory. 5

*Contd.*

2. Answer **any three**:  $10 \times 3 = 30$

(a) How does the Central Bank influence the supply of money in a closed economy? Elaborate. 10

(b) "Any departure from equilibrium in Harrod's model is not self correcting, rather it is self-aggravating." Explain. 10

(c) Show that classical quantity theory of money is the theory of price determination; while Friedman's restatement of quantity theory is the reformation of Demand for money. 10

(d) Explain how Kaldor's theory of Growth is a progenitor of the New Endogenous Growth theory. 10

(e) Discuss the policy ineffectiveness hypothesis of the New Classical Economists. 10

3. Answer **any two**:  $15 \times 2 = 30$

(a) Explain the twin optimisation problem of the representative agent in the real business cycle theory. Explain further how a positive technology shock propagates an upswing in the economy.  $8+7=15$

- (b) Explain the Overlapping Generation model. Derive its solution both for the worker as well as for the firm.

$$7+8=15$$

- (c) What is Phillips curve? Explain why the Phillips curve is vertical in the long run as opposed to the downward sloping short-run Phillips curve.

$$5+10=15$$

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