

GURUDAS COLLEGE
ECONOMICS HONOURS – SEMESTER IV
Intermediate Macroeconomics II
Core Paper 9
Internal Assessment 2021

Full Marks: 10

Group A

1. Choose the correct Answer: (4 out of 5) 1*4=4
- a) The lessons of growth theory helps us understand:
- (i) Why poor countries are poor (ii) design policies that can help them grow (iii) Learn how growth can be affected by shocks and government policies (iv) All of the Above
- b) Investment increases the capital stock but ----- reduces it?:
(i) Depreciation (ii) savings (iii) both (i) and (ii) (iv) None of the above
- c) Steady state is a situation, where capital per worker is:
(i) Constant (ii) Increasing (iii) Decreasing (iv) None of the above
- d) Break even Investment is the investment necessary to keep:
(i) Capital per worker continuously increasing (ii) to be capital per worker at a constant level (iii) Capital per worker continuously decreasing (iv) None of the above
- e) Solow model predicts that countries with higher population growth rate will have
(i) lower level of capital and income per worker in the short run (ii) lower level of capital and income per worker in the long run (iii) higher level of capital and income per worker in the long run (iv) higher level of capital and income per worker in the long run

Group B

2. Answer any two (3*2=6)
- a) What is steady state in SOLOW Model?
- b) Explain the concept of Golden Rule of Capital Accumulation in SOLOW Model?
- c) What are the basic assumptions of HARROD DOMAR Model?