

SHIVAJI COLLEGE, UNIVERSITY OF DELHI
DEPARTMENT OF ECONOMICS
Assignment (Academic Year 2023 – 2024)

Name of the Course : B.A.(H) Semester : 3
Name of the Paper : intermediate macroeconomics Faculty Name : Rahul
Maximum Marks : 12.5

Ques 1)

According to Okun, output growth 1% above the normal rate only leads to a 0.4% reduction in the unemployment rate. Explain why this kind of relationship exists between the growth rate of output and the unemployment rate.....(4)

Ques(2)

Suppose that half of the workers have indexed labour contracts. What is the new equation for the Phillips curve? What is the effect of wage indexation on the relation between the rates of inflation and unemployment? Explain.....(4)

Ques (3)

Use IS-LM and AD-AS diagrams, to show how a reduction in the rate of income tax will affect output and prices in the short-run and medium run. What would be the impact of this tax reduction on investment in the medium run? Assume that the economy originally starts in the medium - run at the natural level of output.....(4.5)

Rahul