



14/12/2016

Doon University
Final Semester Exam 2016 December

MM:50
Time:3 Hours

MSc (Economics) 7th Semester
MA (Economics) 1st Semester
SSEI-531 Macroeconomics-1
SSEI 511- Advances Macroeconomics-1

SECTION A (Very Short Answers) Attempt All Questions

(2x5=10)

- Q1. What are Automatic stabilizers in the Economy? Explain with example.
Q2. Draw a diagram and explain 'Liquidity Trap'.
Q3. Differentiate between 'Depreciation and Devaluation' of currency.
Q4. Explain **Any One** Duration factor responsible for Full Employment in the economy.
Q5. Explain **Any 2** assumptions of Mundell Fleming Model.

SECTION B (Medium Answers) Attempt Any 4 Questions

(5x4=20)

- Q1. Explain how will the economy achieve equilibrium with the help of IS and LM curve?
Q2. Explain the components of 'Balance of Payment'.
Q3. What do you understand by Inside Lag? Is it longer in Fiscal policy or Monetary policy? Explain.
Q4. Explain with the help of a diagram how Expanding Fiscal Policy affects Private Investment, Interest rate and Growth in the economy.
Q5. Draw a diagram and explain how an economy will find most suitable Consumption Expenditure under 'Golden Rule'.

SECTION C (Long Answers) Attempt Any 2 Questions

(10x2=20)

- Q1. Discuss Endogenous growth theory and give its main differences with Exogenous growth theory (Neo Classical Growth theory)
Q2. Differentiate between Real and Nominal Exchange rate. How does the government maintain stability in exchange rate when exchange rate in the market rises above or below the fixed exchange rate?
Q3. a) Discuss the effect of wage cut on unemployment as explained by Classical Thinkers. Did JM Keynes differ from the view? Explain how? (6)
b) Discuss the implications of Unemployment in the economy. (4)
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