~~24/5/2016~~
23/5/2016

DooN UNIVERSITY DEHRADUN
Final Examination Second Semester 2016
School of Social Sciences
Course SSEI 151 Macroeconomics
Time 3 Hours MM50

Section A

Attempt All questions from this section
1.What do you understand by " Sacrifice Ratio"?Explain in your own words.
2.Draw a short Run Aggregate Supply curve and give reasons for its shape.
3.Write in brief what does the theory of Liqidity Preference tell?
4.Draw a neat diagrame showing 'Steady State' wity labour augmenting as given in Solow's Growth model and also give the condition when the consumption is maximum.
5.What do you mean by 'Automatic stabilizers'? Give an example.

SECTION B (5x4=20)

Attempt all questions from this section
1.Discuss the main assumptions and their implications of Mundell Fleming' model and explain the shape of L M* curve giving reasons for it.
2What is a Phillip curve? Explain what do you understand by Adaptive expectations'?
Discuss the forces on which the rate of Inflation depends as given by Phillip curve.
3.E#xplain in your own words what do you understand by 'Convergence'.Discuss in brief the Endogenous growth theory with basic model
4.How will reduction in taxes affect the IS curve? Explain with the help of a diagrame.
5.Discuss Production function (supply of goods) as given in Solows growth model . Explainwhat does the slope of the curve of production function show?

Section C (10x 2 = 20)

Attempt any two questions
1.Derive The I S curve and LM curveand discuss the short run equilibrium achieved in the economy with help of IS LM model .
2. Explain using diagram the determination of Exchange Rate under Flexible exchange rate and the affect of Fiscal and Monitary measures on Income and Exchange rate .
3. What do you understand by 'Stabilization Policy '? Give a few bexamples of Supply and Demand shocks.
Explain the movement of Equilibrium points showing LRAS and SRAS curves WHEN
A.Economy is affected by Adverse supply shock and Agrigate Demand is held constant .
B. In response to Adverse supply shock the government increases the Aggrigate Demand.