

Answer any four questions. Each answer should not exceed two and a half pages.

32. What is Budget? Explain Budget deficit.

33. Explain Keynesian contributions to economics.

34. Explain Mundell-Fleming model.

35. What is Fiscal policy? What are the instruments of Fiscal policy?

36. What is inflation? Explain merits and demerits of inflation.

37. Explain money and capital flows in an open economy. (4x2=8)

Answer any two questions. Each answer should not exceed six pages.

38. What is an open economy? Critically examine IS-LM analysis in an open economy.

39. What do you mean by Balance of Payments equilibrium? Distinguish between Balance of Trade and Balance of Payments. What are the various measures to correct disequilibrium in the Balance of Payments?

30. Inflation means a "sustained rise in prices" - comment on. Explain the structural theory of inflation.

31. What do you mean by "post Keynesian Approach"? Explain the neo-Keynesian quantity constrained model. (2x13=26)



Reg. No. : .....

Name : .....

**Second Semester M.A. Degree (Regular/Supplementary/Improvement)  
Examination, March 2016  
ECONOMICS  
(2013 and Earlier Admn.)  
Paper - V : Macro Economics (Part - II)**

Time : 3 Hours

Max. Marks : 80

**PART - A  
(Objective Type Questions)**

- Under automatic stabilization of the economy, the government has
  - no explicit role
  - explicit role
  - nothing to do
  - none of these
- The 'Equation of Exchange' was formulated by
  - Milton Friedman
  - A. C. Pigou
  - J. B. Clark
  - Irving Fischer
- An economy's net sales of goods and services to the rest of the world are called
  - Foreign direct investment
  - Foreign portfolio investment
  - Net foreign investment
  - None of these
- The concept of employment multiplier developed by
  - J. M. Keynes
  - Adam Smith
  - R. F. Khan
  - None of these
- The more equal that distribution is, the larger the fraction devoted to \_\_\_\_\_ tends to be.
  - Production
  - Exchange
  - Consumption
  - None of these
- The system of transaction of commodities for commodities is called
  - Putting out system
  - Barter system
  - Money system
  - Credit system



7. The drastic change that occurred in the concept of money is called
- Coinage
  - Brassage
  - Evolution of money
  - Investment of money
8. Friedman's claim is that the demand for money function is \_\_\_\_\_ over time.
- Unstable
  - Stable
  - Responsive
  - Non-responsive
9. The portfolio balance approach was introduced by
- Turgot
  - Jame Tobin
  - Milton Friedman
  - Keynes
10. The relationship between the change in the level of output and the volume of investment spending is known as
- Acceleration principle
  - Multiplier principle
  - Consumption principle
  - None of these
- (10×1=10)**

## PART – B

Answer **any eight** questions. **Each** answer should **not** exceed **1½** pages.

- What is Balance of Trade ?
- Distinguish between appreciation and depreciation of currency.
- What is wedge model ?
- What is modified Philip's curve ?
- What is Laffer curve ?
- What do you mean by rational expectations ?
- Explain new Keynesian Economics.
- What is an ISLM curve ?
- What are the monetary measures to curb inflation ?
- Distinguish between target variable and instrument variable.
- Write a short note on stabilizing policy. **(8×3=24)**



## PART – C

Answer **any four** questions. **Each** answer should **not** exceed **two** and a **half** page.

- What is Budget ? Explain Budget deficit.
- Explain Keynesian contributions to economics.
- Explain Mundell-Fleming model.
- What is Fiscal policy ? What are the instruments of Fiscal policy ?
- What is inflation ? Explain merits and demerits of inflation.
- Explain money and capital flows in an open economy. **(4×5=20)**

## PART – D

Answer **any two** questions. **Each** answer should **not** exceed **six** pages.

- What is an open economy ? Critically examine IS-LM analysis in an open economy.
- What do you mean by Balance of Payments equilibrium ? Distinguish between Balance of Trade and Balance of Payments. What are the various measures to correct disequilibrium in the Balance of Payments ?
- Inflation means a "sustained rise in prices" – comment on. Explain the structuralist theory of inflation.
- What do you mean by "post Keynesian Approach" ? Explain the neo-Keynesian quantity constrained model. **(2×13=26)**