

**GUJARAT NATIONAL LAW UNIVERSITY
SILVASSA CAMPUS**

**Course: Macroeconomics Theories and Policies
Semester- II (Batch: 2023-28)**

End Semester Examination: April – May 2024 (BA LLB)

Date: 26th April 2024

Duration: 3 hours

Max. Marks: 50

Instructions:

- Read the questions properly and write the answers in the given answer book.
- Do not write anything on the question paper.
- The respective marks for each question are indicated in-line.
- Indicate correct question numbers in front of the answer.
- No questions or clarification can be sought during the exam period, answer as it is, giving reason, if any.
- For 3 marks questions word limit is 50-100 words. and for 7 marks questions word limit is 400 to 450 words.
- Prepare chart and diagrams where ever it is required.

- | | | |
|-----|---|--------------|
| | | Marks |
| Q.1 | Answer Any Five of the following questions: | (5x3 = 15) |
| | <ol style="list-style-type: none"> 1. Describe Say's law of the market. 2. Discuss the trade-off between inflation and unemployment with the help of Phillip curve. 3. Explain the concept of Keynesian Investment function with the help of autonomous investment and induced investment in brief. 4. In 1973 due to acute oil crisis in the world and adverse supply shocks the world has experienced the new economic problem of Stagflation, explain in brief the reasons behind adverse supply side? 5. Give any three differences between classical and Keynesian economics. 6. Lucas aggregate supply curve in the new classical economics refuses the role of systematic demand management policy (Both Monetary and Fiscal Policy) which can effectively stabilize the economy and produce desirable outcomes, especially in case of anticipated inflation, whereas in case of unanticipated inflation systematic demand management policy is effective only for short run, explain why? | |
| Q.2 | Answer Any Five of the following in detail with suitable examples and diagram. | (5x7 = 35) |
| | <ol style="list-style-type: none"> 1. Explain the circular flow of national income in five sector model with the help of an appropriate chart. 2. What causes depression and cyclical unemployment in the Keynesian theory of employment? Explain this with the help of trade cycle. 3. Discuss consumption function with the help of APC and MPC concepts. 4. Explain the equilibrium in goods market and money market with the help of IS and LM curve model. 5. Discuss the efficacy of fiscal and monetary policy under fixed exchange rate regime of perfect capital mobility case of Mundell – Flemming Model. 6. Discuss output employment determination in New Classical Model with the help of diagram and show how New Keynesian Model is different from it. | |
