**Question Bank**

Course Name : B A (Programme)

Paper Name : Principles of Macroeconomics -II

Semester : 4th

Q1. What is product market equilibrium? Drive its curve from product market equilibrium.

Q2. What is investment demand function? Explain its usefulness in the derivation of IS curve.

Q3. What do you mean by money market equilibrium? Drive LM from money market.

Q4 .Why LM curve slopes upwards from left to right? What factors determines the steepness of LM curve?

Q5. The equilibrium interest rate and real gross domestic product is determined by the synthesis of product market and money market Explain.

Q6. Drive the aggregate demand curve from IS-LM model.

Q7. Discuss the effects of expansionary fiscal policy on equilibrium Income (y) and interest rate (r), using IS-LM frame work. Also discuss the crowding out effect of expansionary fiscal policy. .

Q8 Distinguish between the slope of the IS curve and shift in the IS curve. What are the factors that are responsible for the flatness and steepness of IS curve?

Q9. Discuss between the movement along the AD curve and shifts in the AD curve.

Q10. How classical economists are different from Keynes on equilibrium and output determination?

Q11. Explain the Short Run and Long run LS- LM model.

Q12. By using the relationship between price level and AE, drive the AD curve.

Q13. a What is AD shocks? Explain the factors which cause AD shocks.

 b.What is AS shocks ? Explain the factors responsible for AS shocks.

Q14. What is the nature of SRAS curve? Comment on the extreme shape of SRAS curve.

Q15. Distinguish between price constant AD multiplier effect and price variation AD multiplier effect.

Q16. Write a short note on

A. Output Gap

B. LRAS curve

C. Automatic Stabilizers

D. Fine Tuning and Gross Tuning

E. Discretionary fiscal policy

Q17. Explain asymmetry in the adjustment mechanism of inflationary and recessionary

 gap.

Q18. Explain the process of monetary transmission mechanism.

Q19. Why is the long run AS (LRAS) curve vertical? What role does it play in the determination of price level?

Q20. What is inflation? What are the causes of inflation in India? What is the role of monetary policy to control inflation?

Q21. Write short note on :

1. Stagflation

2. Different types of inflation

Q22 Discuss the classical view of labour market equilibrium.

Q23 write a brief note on

 A Sticky Wages

 b Long Run Phillips Curve

 C Types of Unemployment

Q24 Discuss the classical view of labour market equilibrium.

Q25 Using Phillips curve discuss the relationship between unemployment rate and inflation in the short run.

Q26 Explain the relationship between the unemployment and inflation?

Q27 A What are the adverse effects of the unemployment?

 B. Explain the existence of the unemployment.

Q28 What is wait unemployment? Explain how wage rigidity give rise to wait unemployment in the economy.

Q29 What do you mean by balance of payments? What are the components of current and capital account of balance of payment?

Q30 What is balance of payment? Discuss its various accounts?

Q31 Distinguish between balance of trade and balance of payment. Under what condition balance of payments are in disequilibrium? How can it be corrected?

Q32 Balance of payment always balances. Explain it?

Q33 Analyze the causes of adverse balance of payment?

Q34 Discuss how devaluation helps in the correction of adverse balance of payment of a country? Is the measure applicable to the developing country exporting mainly primary goods?

Q35 How is the exchange rate determined under flexible exchange rate economy? What are the factors that affect the exchange rate?

Q36A Difference between fixed exchange rate and flexible exchange rate.

 B Explain the effect of exchange rate on the economy

 C J-curve