

**GUJARAT NATIONAL LAW UNIVERSITY  
GANDHINAGAR**  
Course: **Macroeconomics: Theories and Policies**  
**Semester- II (Batch: 2019-24)**

**End Semester Online Examination: February 2021**

**Date: 10<sup>th</sup> February, 2021**

**Duration: 8 hours**

**Max. Marks: 50**

**Instructions:**

- 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.

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- Answer the problems as a phenomenon and substantiate additional facts and evidence from the conceptual world and measurement world (wherever possible). Also, support your analysis with strong arguments, reasoning, rationale and/or examples. You may take aid of chart, table, diagram and/or figure wherever necessary. You can cite the references in the Bluebook: A Uniform System of Citation (2015, 20<sup>th</sup> ed.). **Marks**
- (Word limit for each 12 marks question without citation is approximately 500-700 words &  $\pm$  50 words and 6/8 marks is approximately 250-350 words &  $\pm$  25 words).
- Q.1 Discuss the policy proposed by various economics schools of thought: Supply-Side School, Keynesian School and Rational Expectation School in addressing or combating COVID-19 emergency or market failure. Based on the discussions on various economics schools thought, which school of thought policies are appropriate in combating the COVID-19 pandemic or market failure? Why? (12)
- Q.2 Finance Minister announced Aatma Nirbhar Bharat 3.0 stimulus package worth Rs. 2.65 lakh crore, including moratorium on debt/ loans repayment on November 2020. (6x2=12)  
In May 2020, the Finance Minister announced Rs. 20 lakh crore economic stimulus package to deal with the fallout of COVID-19, which included Rs. 8.01 lakh crore of liquidity measures announced by the Reserve Bank of India since March 2020.
- a) Discuss and derive the IS-LM model. What changes will occur in IS-LM model due to economic stimulus packages (monetary and fiscal stimulus packages)?
  - b) Compare India's economic stimulus packages with any two countries' economic stimulus packages. Discuss the significance of fiscal policy in comparison with the monetary policy in combating the COVID-19 market failure. (You can take assistance of various relevant macroeconomics concepts).
- Q.3 What are the reasons given by A.W. Phillips' for a trade-off between money wage rate and unemployment? Discuss the long run Phillips Curve analysis of Adaptive Expectation versus Rational Expectations. Also, discuss the relevance of Phillips Curve (collapse, short-run and long-run) in COVID-19 shock. (12)

- Q.4 a) Discuss the Money Wage Flexibility (Classical School) and Money Wage Rigidity (Keynesian School) in unorganised sector (informal sector) and organized sector (formal sector) during COVID-19 pandemic. (6+8=14) (6 Marks)
- b) Suppose you want to propose a research study in the broad theme of 'Macroeconomics: Law, Policies & Practices'. What will be the specific title of your study? Discuss in detail the phenomenon world, conceptual world and measurement world of your research study. You have to take assistance of any one macroeconomics school of thought in your conceptual world. (8 Marks)

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