

7. (a) Discuss the impact of FDI on level of output and employment of the host country. Why do we need some precaution in allowing FDI in retail sector in India? 20
- (b) "Transaction demand for money is interest rate elastic." Explain in reference to the post Keynesian theories of demand for money. 20
- (c) Why are trading blocks formed ? Explain the welfare impact of such trading blocks for non-member countries. 20
8. (a) Distinguish between backwash and spread effects of Myrdal. How do they operate in backward economies ? 20
- (b) "The solution of long term development needs of India lies in promoting public-private partnership." Discuss. 20
- (c) Examine Kalecki's model of distribution. Do you consider it a correct explanation of distribution ? 20