

- Instructions:**
1. All questions are compulsory.
  2. Draw a neat diagram wherever necessary.
  3. Figures to the right indicate full marks.

**Note:** As this examination will be conducted offline, students will be granted an additional 30 minutes.

**Q. No.1. Select the correct answer and rewrite the same.**

(30 marks)

- 1) Per Capita income is calculated by dividing national income by -----  
a. Wage rate b. Interest rate c. Population d. Nominal rate
- 2) When depreciation is deducted from GNP, the net value is -----  
a. NDP b. NNP c. disposable income d. borrowed income
- 3) Human development concept was developed by -----  
a. Keynes b. Marshall c. Pigue d. Mahbub-al-Haq
- 4) Human development report is released by -----  
a. UNCTAD b. World Bank c. IMF d. UNDP
- 5) Countries with HDI value below 0.5 are considered to have ----- a level of human development  
a. High b. Very high c. Moderate d. Low
- 6) Theory of PPP is propounded by -----  
a. Brahmada b. Keynes c. Cassel Gustav d. Marshall
- 7) Disposable income = Income - -----  
a. Wealth tax b. Income tax c. Capital gain d. Property tax
- 8) The point when ADF and ASF intersect is called -----  
a. Total Demand b) Effective demand c. Inflationary Gap d. Market Demand
- 9) The aggregate supply curve slopes.....  
a. Upward b. downwards c. Horizontal d. Parallel to Y axis from the beginning
- 10) ..... explains the relationship between unemployment rate and inflation rate.  
a. Engel Curve b. Offer curve c. Demand Curve d. Phillips curve
- 11) In the..... Phillips curve is vertical.  
a. short run b. long run c. medium term d. very long run
- 12) J M Keynes theory is applicable in the----  
a. short run b. long run c. short to medium d. medium to long run



13. Keynesian macroeconomics concentrated on \_\_\_\_\_ of the market.  
a. Supply side  b. demand side c. Both a and b d. saving side
14. The curve which is a schedule of minimum amount of proceeds required to provide various levels of output is called.....  
 a. Aggregate supply b. Aggregate demand c. Unemployment d. Total spending
- 15) ..... presented an empirical theory of inflation is known as the Phillips curve  
a. J.M. Keynes b. Adam Smith c. David Ricardo d. A.W. Phillips
- 16) \_\_\_\_ curve shows the goods market equilibrium.  
 a. IS b. LM c. Demand d. Supply
- 17) The slope of the LM curve is \_\_\_\_.  
 a. Positive b. Indirect c. Zero d. Negative
- 18) \_\_\_\_ markets are in equilibrium when IS curve and LM curve intersect.  
a. Goods and capital  b. Goods and money c. Money and Capital d. Foreign Exchange
- 19) \_\_\_\_ will cause the IS curve to shift to the left.  
a. Increase in government spending b. Increase in taxes  
c. Increase in transfer payments d. Decrease in Taxes
- 20) \_\_\_\_ policy brings out the crowding out effect.  
a. Monetary  b. Fiscal c. Foreign Exchange Rate d. Income
- 21) \_\_\_\_ is an instrument of fiscal policy.  
a. Bank Rate b. CRR c. OMO  d. Tax
- 22) \_\_\_\_ model is helpful to analyze the effectiveness of both monetary and fiscal policies in the economy.  
a. IS-LM  b. Aggregate demand c. Aggregate supply d. Input-Output
- 23) Foreign direct investment is a part of \_\_\_\_\_.  
a. Trade account b. Capital account  c. Current account d. Expenditure Account
- 24) Expenditure switching policies to correct BOP deficit include of .....  
a. Increase in rate of interest b. Appreciation c. Revaluation  d. Devaluation
- 25) Lowering the value of domestic currency against foreign currency by the government is known as .....  
a. Revaluation b. Depreciation  c. Devaluation d. Appreciation
- 26) Which of the following is not a component of the Balance of Payments?



a. Real account     b. Current account     c. Capital account     d. Trade Account

27) When payments of foreign exchange are more than receipts, then the Balance of Payments is \_\_\_\_\_

- a. Surplus     b. Deficit     c. Balanced     d. Zero

28) Depreciation of currency takes place through .....

- a. Government     b. Central bank     c. IMF     d. Market forces

29) To correct inflation and deficit both monetary and fiscal policy should be .....

- a. Cheaper     b. Expansionary     c. Neutral     d. Contractionary

30) Devaluation results in .....

- a. Immediate Increase in Domestic Price     b. Cheaper imports  
 c. Cheaper exports     d. Costly Exports

**Q. No.2. Answer any one of the following. (7.5 marks)**

- A. What do you mean by national income? Explain its features.  
B. Bring out the relation between nominal and real interest.  
C. Explain the concepts of HDI and variables included in it.

**Q. No.3. Answer any one of the following. (7.5 marks)**

- A. Explain the determinants of aggregate demand.  
B. Write a note on inflationary gap.  
C. Examine the behaviour of long run Phillips curve.

**Q. No.4. Answer any one of the following. (7.5 marks)**

- A. Explain the derivation of IS Curve.  
B. Discuss the causes for shift in LM curve.  
C. Write a note on IS LM in India.

**Q. No.5. Answer any one of the following. (7.5 marks)**

- A. Explain the concept of Balance of payments disequilibrium in an open economy.  
B. Discuss Mundell-Fleming model in brief.  
C. Explain the effectiveness of de-valuation with J-curve.

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