

Please check whether you have got the right question paper.

- N.B:
1. All questions are compulsory.
  2. Figures to the right indicate full marks.
  3. Draw neat diagrams wherever necessary.

Q. 1 "The intersection of the aggregate supply and the aggregate demand function determines the equilibrium level of income and output". Discuss. (15)

OR

- A) Write a note on "Inflationary Gap". (07)  
B) Explain the trade-off between Inflation and unemployment in the long run. (08)

Q. 2 a) Explain the goods market equilibrium with the help of IS curve. (07)  
b) Discuss the derivation of the LM curve and explain factors influencing the shift in LM curve. (08)

OR

- c) Examine the effects of fiscal policy on income and interest rate in the IS-LM model. (07)  
d) Bring out the effects of monetary policy on income and interest rate in the IS-LM model. (08)

Q. 3 a) Define balance of payments and discuss the concept of disequilibrium in the BOP. (07)  
b) Write a note on devaluation. (08)

OR

- c) Describe the expenditure changing policies to reduce defect in the BOP. (07)  
d) Write short notes on J. curve effect. (08)

Q. 4 A) State following statements are true or false. (07)

- 1) Macro economics deals with a study of aggregators.
- 2) GDP includes the net factor income from abroad.
- 3) GDP deflator helps to find out the real GDP to nominal GDP.
- 4) Real income is the value of goods and services at current prices.
- 5) The nominal interest rate, the real interest rate and inflation rate are not related.
- 6) PPP index was developed by J.M.Keynes
- 7) Human development index is a quantitative measure.

B) Give precise meaning of the following: (08)

- 1) GDP deflator
- 2) GNP
- 3) PPP income
- 4) HDI

OR

Q. 4 Write short notes on any Three (15)

- 1) Measures of Inflation and price indices
- 2) Nominal and real interest rates
- 3) Determinants of ADE
- 4) The crowding out effect
- 5) Revaluation of currency

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