

Q.P. Code :09715

[Time: 2 Hours]

[Marks:60]

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. What is inflationary gap? Show it with the help of diagram. **07**
 B. Explain the nature of Phillips curve in the long run. **08**

Q.2 A. Explain how the IS curve is derived? Brings out the factors that determine the slope of IS curve. **07**
 B. Discuss the derivation of LM curve. What are the factors that influence 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. Explain the application of IS-LM model in the Indian economy from 2000-01 to 2005-06 **08**

Q.3 A. Discuss expenditure adjusting policy to reduce deficit in the Balance of payment. **07**
 B. Discuss effectiveness of devaluation in correcting Balance of payment deficit. **08**

OR

- C. Explain the Mundell-Fleming model with the help of a diagram. **07**
 D. Explain the J-curve effect. **08**

Q.4 A. Select the correct answer and rewrite the statement: **07**

- (i) Under value added method, national income is measured by _____
 (a) Adding the value at each stage
 (b) Adding expenses at each stage
 (c) Adding rent, wages and interest
 (d) None of the above
- (ii) In developing countries measurement of national income encounters problems _____
 (a) Non monetized sector
 (b) Lack of adequate statistical data
 (c) Lack of proper accounting practices
 (d) All of the above.
- (iii) GDP deflator tells us the _____
 (a) Nominal progress
 (b) Real progress
 (c) Rate of deflation in the economy
 (d) None of the above

11

Q.P. Code :09715

- (iv) Real interest rate explains a change in _____
(a) A purchasing power
(b) Money income
(c) The rate of inflation
(d) None of the above
- (v) Purchasing Power Parity (PPP) indicates _____
(a) Real value
(b) Nominal value
(c) Both
(d) None of the above.
- (vi) As per HDR 2015, HDI value of India was _____
(a) 0.408
(b) 0.582
(c) 0.609
(d) 0.585
- (vii) India ranks among _____
(a) High Human Development Groups
(b) Medium Human Development Groups
(c) Low Human Development Groups
(d) None of the above.

B. Validate the following statements:

- (i) Under expenditure method income spent on every goods and services is included.
(ii) GDP includes income earned by all the nationals.
(iii) Human development measures the quality of life.
(iv) Gender inequality measures progress made by the entire populations.

08

OR

Q.4 Write short notes on any three:

- (i) Difficulties in estimating national income
(ii) GDP Deflator
(iii) Determinants of aggregate demand.
(iv) Equilibrium in the goods and money market.
(v) Effects of easy monetary policy on the Balance of payment.

15