

Q.P. Code.: 39588

[Time: Two 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 Discuss the concept of ASF and ADF. Explain the determination of real income with the help of ASF and ADF. (15)

OR

- A) Explain the concept of inflationary gap and bring out its relevance. (07)
- B) Examine the policy trade-off between inflation and unemployment in the short run. (08)

Q. 2 a) Discuss the equilibrium in goods market. Show how slope of the IS curve affects level of real income and rate of interest (07)
b) Explain the equilibrium in money market. Show how slope of the LM curve affect level of real income and ratio of interest. (08)

OR

- c) Explain determination of real income and rate of interest with the help of IS-LM curves. (07)
- d) Discuss the factors causing shift in IS-LM curves. (08)

Q. 3 a) Discuss the problem of disequilibrium in BOP in an open economy. (07)
b) Explain how expenditure-switching policies help to reduce deficit in the BOP. (08)

OR

- c) Explain the adjustments in BOP with the help of monetary policy in IS-LM frame work. (07)
- d) Discuss the adjustments in BOP with the help of fiscal policy in IS-LM model. (08)

Q. 4 A) Select the correct answer and rewrite the statements (07)

- 1) In an open economy GNP is computed by adding _____ in the GDP.
a) Net exports and Net factor income from abroad.
b) Net exports and NNP
c) Net factor income from abroad and NNP
d) None of the above
- 2) GDP deflator is the ratio of _____.
a) nominal income to real income.
b) real income to nominal income.
c) GDP to GNP
d) None of the above
- 3) Real rate of interest is the difference between _____.
a) Nominal rate of interest and rate of inflation
b) Nominal rate of interest and rate of deflation
c) Nominal rate of interest and rate of depreciation
d) None of the above
- 4) National income is the sum of value of aggregate income produced by the _____.
a) Service sector
b) Secondary sector
c) Primary sector
d) all of the above



Q.P. Code: 39588

4

- 5) NDP is arrived at by deducting _____ from GDP.
 - a) Capital consumption expenditure
 - b) Net indirect taxes
 - c) Net exports
 - d) None of the above
- 6) PPP income helps to compare GNP _____.
 - a) across countries
 - b) across sectors
 - c) across countries and sectors
 - d) None of the above
- 7) If the real rate of interest is positive then _____.
 - a) Net capital inflow will increase
 - b) Net capital inflows will decrease
 - c) Net capital inflows remain constant
 - d) None of the above

B) State precise meaning of the following:

- 1) Capital consumption expenditure
- 2) Inflation
- 3) Aggregate income
- 4) Price Index

(08)

OR

Q. 4 Write short notes on any Three

- 1) Expenditure method of measuring National Income
- 2) Dimensions of HDI
- 3) Long run Phillips Curve
- 4) Crowding out effect
- 5) J-Curve effect

(15)

