

1. All questions are compulsory with internal options.
2. Figures to the right indicate full marks.
3. Draw neat diagram wherever necessary.

1. When price rise by more than 10% per annum, it is known as \_\_\_\_\_.

a) Running inflation

- a) Running inflation
- b) Hyper inflation
- c) Galloping inflation
- d) Moderate inflation
2. During inflation the gainers are \_\_\_\_\_.
  - a) common man
  - b) debtors
  - c) creditors
  - d) brokers
3. Demand pull inflation is an inflation which results from an initial \_\_\_\_\_.
  - a) Increase in wage rate
  - b) Increase in aggregate demand
  - c) Increase in natural resources
  - d) Decrease in aggregate demand
4. "Too much money chasing too few goods" is definition of inflation given by \_\_\_\_\_.
  - a) Crowther
  - b) Coulbourn
  - c) Samuelson
  - d) J.M.Keynes
5. \_\_\_\_\_ is transferred from one person to another in a given period of time is known as "the velocity of circulation of money".
  - a) The maximum number of times money
  - b) The average number of times money
  - c) The minimum number of times money
  - d) Depends upon a circulation of money in the country
6. Keynesian Policies are hardly applicable to \_\_\_\_\_.
  - a) Developed countries
  - b) Developing countries
  - c) Consumerism
  - d) Deficit financing
7. When the rate of inflation has no effect on the rate of unemployment, then the rate of unemployment is called \_\_\_\_\_.
  - a) Increasing rate of unemployment
  - b) Natural rate of unemployment
  - c) Decreasing rate of unemployment
  - d) Constant rate of unemployment
8. The short run Phillips curve slopes \_\_\_\_\_.
  - a) Upward
  - b) Downward
  - c) Vertically
  - d) Horizontally
9. The LM curve represents the equilibrium in the \_\_\_\_\_.
  - a) Goods market
  - b) Money market
  - c) Labour market
  - d) Foreign market
10. IS/LM model is a \_\_\_\_\_.
  - a) Micro economic tool
  - b) Macro economic tool
  - c) Non-economic tool
  - d) Sustainable tool
11. Higher the value of \_\_\_\_\_, higher will be the value of multiplier.
  - a) average propensity to consume
  - b) marginal propensity to consume
  - c) average propensity to save
  - d) marginal propensity to save
12. \_\_\_\_\_ investment does not change with the changes in the income.
  - a) Induced
  - b) Autonomous
  - c) Real
  - d) Financial

1. In the cash balance approach, "K" represents Velocity of circulation of money.
2. Pigou's equation is stated as -  $P = KR / M$ .
3. Which of the following is not the assumption of Fisher's theory Price level is an active variable.

4. The extra money you take on a trip in case your bus breaks down is an example of Precautionary demand for money.
5. In hyper inflation there will be no upper limit of price rise.
6. According to Fisher's equation of quantity theory of money  $MV = PT$ .
7. The term "the supply of money" is synonymous with store of value.
8. Keynesian Policies are hardly applicable to developed countries.
9. The natural rate of unemployment is termed as the accelerating rate of unemployment.
10. When the rate of inflation has no effect on the rate of unemployment, then the rate of unemployment is called decreasing rate of unemployment.
11. The Phillips curve shows the relationship between rate of unemployment and rate of Interest.
12. Phillips curve shows tradeoff between inflation and deflation.

**Q2 Explain the concepts (Any 03) (15)**

1. Circular flow in two sector economy
2. A three sector closed economy
3. Prosperity
4. Importance of Trade cycle
5. Causes of Inflation
6. LM Curve
7. Relation between Economic welfare and national income

**Q3 Answer the following question (Any 02) (15)**

- A) Write a note on Liquidity Preference Theory
- B) Briefly explain theory of multiplier.
- C) Explain the scope of macro economics.

**Q4 Answer the following question (Any 02) (15)**

- A) Explain the causes of pull inflation.
- B) Discuss Philip Curve in detail
- C) Discuss the features of trade cycle.

**Q5 Answer the following question (Any 02) (15)**

- A) Explicate the subjective and objective factors affecting consumption.
- B) What are the causes of demand pull inflation?
- C) Explain the simultaneous determination of goods and money market equilibrium with the help of IS and LM Curve.

**Q6 Write short notes on: (Any 04) (20)**

- A) Stagflation
- B) Velocity of circulation of money
- C) Measures to control inflation
- D) Relationship between unemployment and inflation
- E) Causes of inflation.
- F) Working of multiplier