

Section-B: Descriptive Type Questions (Short Type)

Q2: Answer all the Questions

(8 x 4 =32)

- i. Define IS curve.

Max Marks:100

Min. Marks:40

ii. Define LM curve.

(8x1.5=12)

- i.** IS Curve slopes
 - A** Upwards
 - B** Downwards
 - C** Horizontal
 - D** None of the above
- ii.** LM stands for
 - A** Money demand and Money supply
 - B** Investment demand and Investment supply
 - C** Saving
 - D** None of the above
- iii.** Long run Phillips curve is associated with
 - A** J. M. Keynes
 - B** Milton Friedman
 - C** Paul Samuelson
 - D** Alfred Marshall
- iv.** Stagflation means
 - A** Hyperinflation
 - B** Stagnation plus recession
 - C** Stagnation plus deflation
 - D** Stagnation plus inflation
- v.** Business cycles are recurrent fluctuations in?
 - A** Aggregate employment and output
 - B** Aggregate income and prices
 - C** Both A and B
 - D** None of the above
- vi.** In recession, prices are
 - A** Increasing
 - B** Declining
 - C** Remaining constant
 - D** None of the above
- vii.** Crowding out occurs when deficit spending by government forces private investment spending to
 - A** Expand
 - B** Remain constant
 - C** Contract
 - D** All of the above
- viii.** Sale and purchase of govt. securities refers to
 - A** Cash reserve ratio
 - B** Bank rate policy
 - C** Closed market operations
 - D** Open market operations

Answer all the questions:

(4 x 7=28)

Q 3. Derive IS curve with the help of a suitable diagram.

OR

Explain the factors on which the slope of IS curve depends?

Q 4. Explain in detail Demand pull and Cost push inflation.

OR

Explain the structural and Mark-up inflation.

Q 5. What is a trade cycle? What are the various phases of a trade cycle?

OR

Discuss Samuelson's theory of trade cycle.

Q6. What is monetary policy? What are the basic objectives of monetary policy?

OR

What are the objectives of fiscal policy? Discuss various instruments of fiscal policy?

Section – D: Descriptive Type Questions (Long Type)

Answer any two of the following: (2 x 14=28)

Q 7. Discuss the General equilibrium of Product and money market equilibrium with the help of a diagram.

8. What is a Phillips curve? Differentiate between Philippes curve in the short run and the long run.

Q 9. Explain Hicks theory of Trade cycle.

Q 10. What is expansionary and restrictive monetary policy? Discuss various instruments of monetary policy.

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