Heramb Coaching Classes

Note: All Questions are compulsory and draw neat diagrams wherever necessary

Q.1. (A) Explain the concepts: (Any Five) (10)
    1) Macroeconomics   **5)** Money Market
    2) Open Economy   **6)** Stagflation
    3) Autonomous Consumption   **7)** Transaction Velocity
    4) Induced Investment   **8)** Demonetisation

Q.1. (B) Select the correct option and rewrite the statements: (10)
1) Keynesian theory is not based on which of the following assumptions

a) Supply creates its own demand	c) Government intervention to reduce impact of recession
b) Markets can fail	d) Aggregate demand determines national output

2) Which of the following measures indicate how national income is distributed.
    a) GDP   b) GNP   c) Per Capita Income   d) NNP

3) The recession phase of trade cycle begins from
    a) Trough   c) Midpoint of expansion
    b) Peak   d) All of the above

4) Keynes consumption function helps to invalidate _____.
    e) Say's Law of Markets   g) Employment Theory
    f) Fisher's Equation   h) Liquidity Preference Theory

5) MEC curve
    a) Slopes downwards   c) Remains constant
    b) Slopes upwards   d) Does not change

6) Stagflation results in
    a) Increase in price level   c) Increase in employment
    b) Increase in supply of goods   d) Increase in wages

7) Which side of the following curve shows there is excess supply in the goods market
    a) Right side of IS curve   c) Left Side of IS Curve
    b) Right side of LM Curve   d) Left Side of LM Curve

8) Radcliff committee suggested that money supply should include
    a) Liabilities of NBFIs   b) Time Deposits   c) Funds lent by FIs   d) None of the above

9) Demand for speculative motive for money is
    a) interest elastic   b) interest inelastic   c) Unit elastic   d) None of the above

10) Inflation is beneficial to
    a) Businessmen   b) Creditors   c) Fixed Income Group   d) Wage Earners

Q.2. Attempt <u>Any two</u> from the following: (20)
    (A) Explain the meaning and scope of macroeconomics.
    (B) Examine the circular flow of income in an open economy.
    (C) Describe the phases of trade cycles.

Q.3. Attempt <u>Any two</u> from the following: (20)
    (A) Explain and illustrate the point of effective demand with the help of aggregate demand and aggregate supply curves.
    (B) Explain the concept of consumption function and bring out the factors affecting the same.
    (C) Explain the concept of MEC. What are the factors that affect MEC?

Q.4. Attempt <u>Any two</u> from the following: (20)
    (A) Explain the goods market equilibrium with the help of IS curve and changes in goods market equilibrium.
    (B) Examine the trade-off between rate of inflation and rate of unemployment with the help of Philips Curve.
    (C) Define Stagflation and give its causes.

Q.5. Attempt <u>Any two</u> from the following: (20)
    (A) Explain the Liquidity preference approach of Demand for Money.
    (B) Define supply of money and give its determinants.
    (C) Explain and illustrate Demand Pull inflation and factors causing demand pull inflation.