

13/12/18

M com (Sem II)  
Choice Based

65

Q.P. Code :09717

[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.

- Q1 A. Explain the determination of real income with the help of Keynesian concepts of Aggregate Demand Function and Aggregate Supply Function. 08  
 B. Write a note on inflationary gap. 07
- OR
- C. Explain the trade-off between inflation and unemployment in the short run. 08  
 D. Explain meaning of non-accelerating inflation rate of unemployment (NAIRU). 07
- Q2 A. Derive IS curve and bring out the factors that determine the slope of IS curve. 08  
 B. Explain the factors that determine the shift in the LM curve. 07
- OR
- C. Bring out the effect of monetary influences on income and interest rate in the IS-LM model. 08  
 D. Explain the transmission mechanism and the crowding out effect of fiscal policy in the IS-LM model. 07
- Q3 A. Discuss the expenditure switching policy to correct disequilibrium in the balance of payments. 08  
 B. Explain the role of fiscal policy in correcting disequilibrium in the balance of payments. 07
- OR
- C. Explain the use of monetary and fiscal policies to achieve internal and external balance with the help of Mundell-Fleming model. 08  
 D. Explain the effectiveness of devaluation in terms of elasticity and absorption approach. 07
- Q4 A. Select the correct answer and rewrite the following statements: 07
- i. In the expenditure method, national income is the sum of total expenditure incurred on \_\_\_\_\_ goods and services.
    - a. Final
    - b. All
    - c. Intermediate
    - d. All of the above
  - ii. Gross Domestic Product in a closed economy consists of \_\_\_\_\_.
    - a.  $C+I+G+(X-M)$
    - b.  $C+I+G$
    - c.  $C+I+G+(X-M)+(R-P)$
    - d. None of the above
  - iii. Real income is worked out on the basis of \_\_\_\_\_.
    - a. Current Price
    - b. Constant price
    - c. Both
    - d. None of the above

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- iv. Income earned by self-employed people is called \_\_\_\_\_
- Mixed income
  - Wages
  - Rent
  - None of the above
- v. Human Development takes into account \_\_\_\_\_
- Per capita income
  - Life expectancy
  - Level of literacy
  - All of the above
- vi. As per human Development Report 2015, HDI rank of India is \_\_\_\_\_
- 125
  - 130
  - 134
  - 140
- vii. GDP deflator = \_\_\_\_\_
- $\frac{PI_T - PI_{T-1}}{PI_{T-1}} \times 100$
  - $\frac{GDP \text{ at Current prices}}{GDP \text{ at constant prices}} \times 100$
  - $C+I+G+(X-M)$
  - None of the above

**B. Validate the following statements:**

- National income estimates include capital gains.
- GDP minus Depreciation is NDP.
- Purchasing Power Parity is based on the principle of single price.
- India ranks among medium human development group of countries.

OR

**Q4 Write short notes on any three:**

- Product method of measurement of National income
- Real and nominal income concepts
- Determinants of Aggregate Demand function
- Simultaneous equilibrium in the goods and money markets in the IS-LM model
- J- Curve effect