

Date of Exam: 29/12/2016

Time: 3 hr

Marks: 50

Attempt any 5 questions.

Q.1 Explain the monetary policy measures that should be adopted for curbing recession (or depression) and reviving the economy. How does expansionary monetary policy works?

Q.2 Describe Income effect, interest rate effect and exchange rate effect that shifts the aggregate demand curve.

Q.3 Describe the role and responsibilities of Reserve Bank of India.

Q.4 Explain the expansionary fiscal policy in overcoming recession and in achieving economic stability at full-employment level.

Q.5 What are the methods of calculating national income? What are the problems in measuring national income?

Q.6 Explain in details the structure of Balance of Payments.

Q.7 How will each of the following events affect GDP and why?

- a. A hurricane destroys part of Florida.
- b. You sell your old macroeconomics textbook to another student.
- c. You sell your holdings of IBM stock.
- d. Your local car dealership decides to reduce its inventory by offering price reductions.