*Or*

(b) Distinguish between Marginal Efficiency of Capital (MEC) and Marginal Efficiency of Investment (MEI). Explain the working of the static investment multiplier. 4+7

6. (a) Explain the determination of interest rates under the classical and Keynesian theories. Mention two limitations each of both the theories. 7+4

*Or*

(b) What are IS-LM curves? Discuss the effectiveness of monetary and fiscal policies in IS-LM framework. 4+7

7. (a) Distinguish between Balance of Payments (BoP) and Balance of Trade (BoT). Explain the monetary approach to Balance of Payments. 4+7

*Or*

(b) What are current and capital accounts in Balance of Payments (BoP)? How can a disequilibrium in Balance of Payments be corrected? 4+7=11

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