

( 4 )

(h) Mention one method of correcting disequilibrium in Balance of Payments (BoP).

2. Write short notes on any *four* of the following (**within 150 words** each) :

4×4=16

(a) Nominal and real GDP

(b) Life cycle hypothesis

(c) Investment multiplier

(d) Basic accounting rule

(e) Ratchet effect

Answer the following questions (**within 500 words** each) :

3. (a) Explain the income and expenditure methods of calculating national income. What is the relationship between GDP and welfare? 8+4=12

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Or

(b) Explain the following concepts :

3×4=12

(i) GDP

(ii) National income

(iii) Private income

(iv) Personal disposable income

(a) What are aggregate demand and aggregate supply function? Compare the processes of determination of aggregate price level in classical and Keynesian approaches. 3+8=11

Or

(b) Explain critically the Keynesian theory of employment. Discuss its relevance in the context of a developing economy. 8+3=11

(a) Explain the relative income hypothesis. Discuss its limitations. 7+4=11