



THE ANSWERS MUST BE ATTEMPTED ON THE ANSWER SHEET PROVIDED

Q.1. Answer the following short questions. (6x5=30)

- 1. Discuss marginal productivity theory.**
- 2. Explain liquidity preference function.**
- 3. Discuss devaluation and its impacts for developing economies.**
- 4. What do you mean by active and passive monetary policy?**
- 5. Discuss determinants of exchange rate.**
- 6. What is Pigou effect?**

Q.2. Answer the following questions. (3x10=30)

- 1. Define and derive IS and LM curve graphically.**
- 2. Explain Solow growth model and Golden rule for consumption and investment.**
- 3. Give short run and long run analysis of Philips curve.**