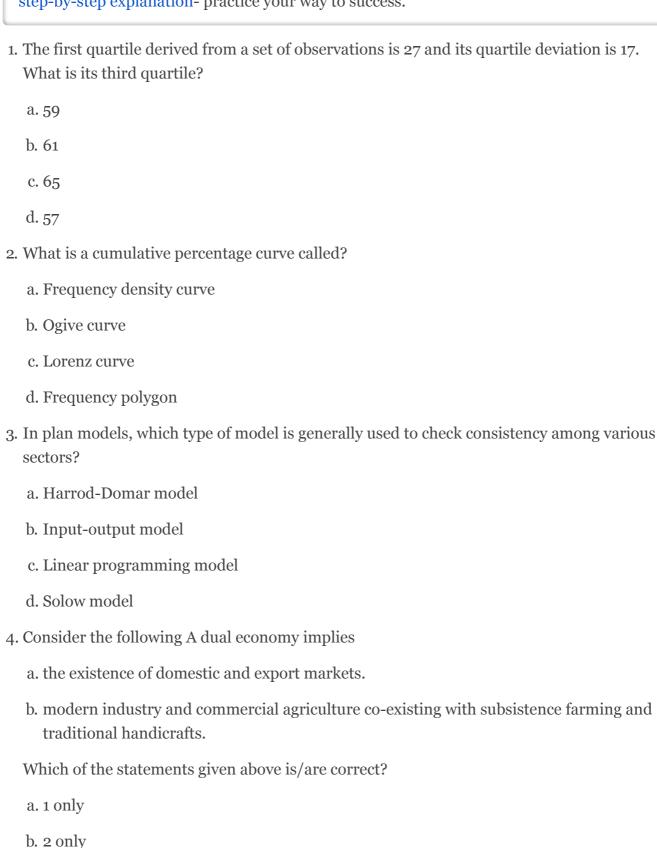
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- c. Both 1 and 2
- d. Neither 1 nor 2
- 5. Theory of linkages is most appropriate for which kind of development models?
 - a. Balanced growth models
 - b. Unbalanced growth models
 - c. Population growth models
 - d. One sector growth models
- 6. With which one of the following is backward bending supply curve usually associated?
 - a. Land
 - b. Labour
 - c. Capital
 - d. Organisation
- 7. Which one of the following statements is correct? An increase in money supply in Keynesian framework results in
 - a. a higher level of income and a higher rate of interest
 - b. a lower level of income and a lower rate of interest
 - c. a higher level of income and a lower rate of interest
 - d. a lower level of income and a higher rate of interest
- 8. Which one of the following statements is correct? A fall in the money supply results in the
 - a. rightward shift in the IS curve
 - b. rightward shift in the LM curve
 - c. leftward shift in both die LM curve and the IS curve
 - d. leftward shift in the LM curve only
- 9. Which one of the following statements is correct? The IS function indicates the
 - a. locus of the money market equilibrium
 - b. locus of the commodity market equilibrium
 - c. locus of the labour market equilibrium
 - d. locus of both money and labour market equilibrium

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- o. Which one of the following statements is correct? According to Keynes, fresh investment would be possible only if
 - a. the marginal efficiency of capital exceeds the rate of interest
 - b. the marginal efficiency of capital is less than the rate of interest
 - c. the marginal efficiency of capital is positive
 - d. the marginal efficiency of capital is negative
- 11. Which one of the following statements is correct? Autonomous investment is
 - a. functionally related to interest rate
 - b. functionally related to both income and interest rate
 - c. functionally related to income alone
 - d. independent of income and interest rate
- 12. Consider the following statements
 - a. The MPC is higher in a poor country and lower in a rich country.
 - b. Higher the MPC, higher will be the value of multiplier.
 - c. Lower the MPS, lower will be the value of multiplier.

Which of the statements given above are correct?

- a. 1 and 2
- b. 1 and 3
- c. 2 and 3
- d. 1, 2 and 3
- 13. Match List-I with List-II and select the correct answer by using the code given below the lists

List-I (Economist)	List-II (Concept)
A. AC Pigou	1. Liquidity Preference
B. JM Keynes	2. Real Balance Effect
C. JR Hicks-AH Hansen	3. Ratchet Effect
D. JS Duesenberry	4. IS-LM Analysis

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- a. 2 1 4 3
- b. 4 3 2 1
- c. 2 3 4 1
- d. 4123
- 14. In the diagram given above, which one of the following is indicated by the point A lying below the IS curve?
 - a. Excess demand in the commodity market
 - b. Excess supply in the money market
 - c. Excess supply in the commodity market
 - d. Equilibrium income and interest
- 15. In the permanent income hypothesis of consumption, components of which one pair has a proportional-relationship?
 - a. Permanent income and transitory income
 - b. Permanent income and transitory consumption
 - c. Permanent income and permanent consumption
 - d. Transitory income and transitory consumption

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