

# **SRM VALLIAMMAI ENGINEERING COLLEGE**

**(An Autonomous Institution)**

SRM Nagar, Kattankulathur – 603 203

## **DEPARTMENT OF MANAGEMENT STUDIES**

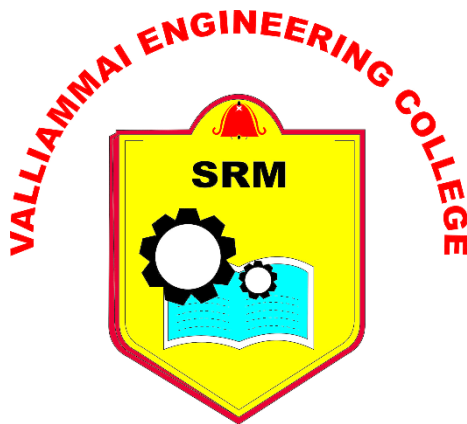
### **QUESTION BANK**

#### **I SEMESTER**

**1915101 – Economic Analysis for Business**

**Regulation – 2019**

**Academic Year 2022 - 2023**



**Prepared by**

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**UNIT – I – INTRODUCTION****SYLLABUS:**

Definition of Economics – Micro vs. Macroeconomics – Fundamental Economic Problems – Production Possibility Curve – Assumptions and Criticism – Economic Systems and Types – Social, Capital and Mixed Economy and its characteristics.

**PART- A**

<b>S.NO</b>	<b>QUESTIONS</b>	<b>BT LEVEL</b>	<b>COMPETENCE</b>
1.	How would you define Economics?	Level 1	Remembering
2.	Summarise the reasons for scarcity.	Level 2	Understanding
3.	Ascertain the importance of understanding Economic Problem	Level 3	Applying
4.	Explain Production Possibility Frontier.	Level 1	Remembering
5.	Compare Micro and Macro Economics.	Level 2	Understanding
6.	Identify significance of Economics in managerial decisions.	Level 3	Applying
7.	What is meant by Economic Growth?	Level 1	Remembering
8.	Compare Productive and Economic Efficiency.	Level 2	Understanding
9.	Identify the role of Government in present Economic Scenario	Level 3	Applying
10.	Define Economic Stability.	Level 1	Remembering
11.	Explain Transformation Curve	Level 2	Understanding
12.	Write short note on Economic Stability.	Level 3	Applying
13.	What are the elements of Economic Growth?	Level 1	Remembering
14.	State the reasons for Economic Problem?	Level 2	Understanding
15.	Identify the criticisms of Production Possibility Curve.	Level 3	Applying
16.	What is meant by Mixed Economy?	Level 1	Remembering
17.	Outline the role of Markets in today's economic scenario.	Level 2	Understanding
18.	Identify the characteristics of mixed economy.	Level 3	Applying
19.	What are the assumptions of Production Possibility Curve?	Level 1	Remembering
20.	Explain Productive efficiency.	Level 2	Understanding
21.	Identify the characteristics of Socialist economy.	Level 3	Applying
22.	What are the various types of Economic Efficiency?	Level 1	Remembering
23.	Summarize the principles of economics.	Level 2	Understanding
24.	Identify the characteristics of capitalist economy.	Level 3	Applying

**PART- B**

<b>S.NO</b>	<b>QUESTIONS</b>	<b>BT LEVEL</b>	<b>COMPETENCE</b>
1.	What is meant by Macroeconomics? Discuss its nature and importance. (13)	Level 1	Remembering
2.	Explain economic efficiency and its types. (13)	Level 2	Understanding
3.	Illustrate the fundamental economic problem and the reason behind these problems. (13)	Level 3	Applying
4.	(i). What is Production Possibility Frontier? (4)	Level 1	Remembering
	(ii). Explain the significance of PPF. (9)	Level 1	Remembering
5.	Government plays a vital role in today's economic scenario Explain (13)	Level 2	Understanding
6.	'The markets and government play a significant role for the economy development of a nation' - Examine (13)	Level 3	Applying
7.	What are the different types of economic system? Discuss its characteristics. (13)	Level 1	Remembering
8.	Compare Productive Efficiency Vs Economic Efficiency. (13)	Level 2	Understanding
9.	Examine the measures to overcome fundamental economic problems (13)	Level 3	Applying
10.	Review the role of Markets in today's economy. (13)	Level 1	Remembering
11.	Explain the significance of economic growth and stability and discuss how to attain them. (13)	Level 2	Understanding
12.	Examine how stability in business leads to economic growth. (13)	Level 3	Applying
13.	Enumerate your understanding on why Scarcity and Efficiency are regarded as the twin themes of Economics"? (13)	Level 1	Remembering
14.	Explain the concept of Transformation Curve and state its assumptions. (13)	Level 2	Understanding
15.	Examine the nature of managerial economics. (13)	Level 3	Applying
16.	Explain the theme of economics. (13)	Level 1	Remembering
17.	Compare Micro and Macro Economics (13)	Level 2	Understanding

PART - C				
S.NO	QUESTIONS		BT LEVEL	COMPETENCE
1.	The Government suddenly made a “U” turn in its economic policies in 1991, making a fundamental departure from “Nehruvian Policies of Socialism”, even without discussing the issue in the Parliament. Even Communist and Socialist members of the Parliament, and also pro-labor organizations kept quiet – Discuss about these in groups, regarding the significance and implications.		Level 4	Analysing
2.	Explain as to how the study of Economics helps you in better decision making in today’s business scenario?		Level 4	Analysing
3.	Ms. X wants to be a manager. She enjoyed her accounting, finance and marketing courses. Each of these provided her with some clear-cut answer. Now the professor in her economics course is telling her that needs and wants and unlimited and the resource are limited. She comes to school to get an answer on how to be an effective manager and meeting unlimited needs with limited resource is found to be difficult for her to concentrate. <b>Questions:</b> a) How would you relieve Ms. X’s anxiety? How is the course in going to help her? b) How does a course in economics differ from other fields?	(8)  (7)	Level 4	Analysing
4.	Microeconomics occupies a vital place in economics, and it has both theoretical & practical importance – Elaborate		Level 4	Analysing
5.	The scarcity of the resources gives rise to various basic economic problems which have to be solved by an economy if it is to fulfill its purpose – Explain such problems.		Level 6	Evaluating

## UNIT – II – CONSUMER AND PRODUCER BEHAVIOUR

### SYLLABUS:

Law of Demand and Supply – Assumptions – Determinants – Exceptions – Elasticity of Demand and Supply and its types – Consumer Behaviour – Approaches – Law of Diminishing Marginal Utility– Law of EquiMarginal Utility – Indifference Curve Analysis – Producer Behaviour – Production Function – Long run and Short run – Law of Diminishing Marginal returns – Returns to scale – Marginal Rate of Technical Substitution – Cost Function – Concepts – Long and short run Cost Curves – Economies and Diseconomies of Scale - Concept of Consumer Surplus and Producer Surplus.

### PART- A

S.NO	QUESTIONS	BT LEVEL	COMPETENCE
1.	Define Demand	Level 1	Remembering
2.	Explain MRTS.	Level 2	Understanding
3.	Identify the determinants of Demand	Level 3	Applying
4.	What is meant by Demand Analysis?	Level 1	Remembering
5.	Outline the various types of Demand	Level 2	Understanding
6.	Identify the reasons for Price Elasticity.	Level 3	Applying
7.	What is meant by Price Elasticity of Demand?	Level 1	Remembering
8.	Outline the reasons for a downward slope in demand curve.	Level 2	Understanding
9.	Classify the types of Elasticity of Demand.	Level 3	Applying
10.	What are the assumptions of Law of Demand?	Level 1	Remembering
11.	Explain Diseconomies of Scale.	Level 2	Understanding
12.	Identify the differences between Law of Demand and Elasticity of Demand.	Level 3	Applying
13.	How would you define Consumer Surplus?	Level 1	Remembering
14.	Compare Price Elasticity and Income Elasticity of Demand.	Level 2	Understanding
15.	Examine Law of Diminishing Marginal Utility	Level 3	Applying
16.	What are the factors influencing Market Demand?	Level 1	Remembering
17.	Explain Isoquant Curves.	Level 2	Understanding
18.	Examine the meaning of Market Equilibrium.	Level 3	Applying
19.	What is meant by Indifference Curve?	Level 1	Remembering
20.	Explain the term Equi Marginal Utility?	Level 2	Understanding
21.	Identify the properties of Indifference Curve.	Level 3	Applying
22.	Define Cost Function	Level 1	Remembering

23.	Compare Extension and Contraction in Demand.	Level 2	Understanding
24.	Identify the properties of Indifference Curve.	Level 3	Applying

<b>PART- B</b>				
<b>S.NO</b>	<b>QUESTIONS</b>	<b>BT LEVEL</b>	<b>COMPETENCE</b>	
1.	How would you classify Demand and discuss the determinants of demand?	(13)	Level 1	Remembering
2.	Explain the different types of elasticity of demand and list out the various factors determining the elasticity of demand.	(13)	Level 2	Understanding
3.	Explore the Law of Supply and state the assumptions of Law of Supply	(13)	Level 3	Applying
4.	Describe the law of Demand and the causes for the downwards slope in the demand curve.	(13)	Level 1	Remembering
5.	Explain in detail Market Equilibrium and its types.	(13)	Level 2	Understanding
6.	Enumerate the concept of supply elasticity and discuss the determinants of Elasticity of Supply.	(13)	Level 3	Applying
7.	What are the assumptions and properties of Indifference Curve? Explain.	(13)	Level 1	Remembering
8.	Outline the relation between production and costs in the short run and long run.	(13)	Level 2	Understanding
9.	Examine Production Function and the applications of Production Function in Managerial decisions	(13)	Level 3	Applying
10.	What are economies and diseconomies of scale? Explain in detail with suitable examples.	(13)	Level 1	Remembering
11.	Discuss the various approaches to Consumer Behaviour.	(13)	Level 2	Understanding
12.	Examine the various approaches to Marginal Analysis and list its assumptions	(13)	Level 3	Applying
13.	What are Isoquant Curves? Explain its properties and its assumptions.	(13)	Level 1	Remembering
14.	Illustrate the nature of short run and long run average cost curves and explain why the Long-Run cost curve flatter is than Short-Run cost curve?	(13)	Level 2	Understanding
15.	Examine the Law of Variable Proportions and discuss its importance.	(13)	Level 3	Applying

16.	What is meant by economies of scale? Explain the various types of economies and diseconomies of scale.	(13)	Level 1	Remembering
17.	Outline the various types of cost and the determinants of Cost.	(13)	Level 2	Understanding

PART – C																												
S.NO	QUESTIONS		BT LEVEL	COMPETENCE																								
1.	Suppose you are a sales manager of an organization. Explain how the analysis of demand contributes to business decision making in the light of the responsibilities of a sales manager?		Level 5	Evaluating																								
2.	You have been appointed in a Market Research Organization and your assignment is to estimate the demand for Tea Packets. What factors would you like to consider while estimating the demand for Tea Packets in the next two years?		Level 4	Analysing																								
3.	Which of the following commodities have most inelastic demand? Give reasons for your answer: a) Soap (5Marks) b) Salt (5Marks) c) Penicillin (5Marks)		Level 6	Creating																								
4.	A controlled economy has a market clearance equation built over years. The policy makers looked at the domestic markets and found that product marketers are almost perfect, and that technical rate of substitution has been advantageous. The economic fundamentals were strong enough to open up the economy. There was opposition attributing to inconsistency from outside. The debates were on the following questions: a) What is macro - economic fundamentals? (5Marks) b) Write short notes on each factor (5Marks) c) What if the economy is closed for some time? (5Marks)		Level 4	Analysing																								
5.	With the help of the given data, find out TFC, TVC, TC, AFC, AC and MC. <table border="1" data-bbox="215 1809 997 1993"> <tr> <td>Output</td> <td>0</td> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> <td>6</td> </tr> <tr> <td>AFC</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>10</td> </tr> <tr> <td>AVC</td> <td>-</td> <td>20</td> <td>18</td> <td>16</td> <td>16</td> <td>20</td> <td>24</td> </tr> </table>	Output	0	1	2	3	4	5	6	AFC	-	-	-	-	-	-	10	AVC	-	20	18	16	16	20	24		Level 5	Evaluating
Output	0	1	2	3	4	5	6																					
AFC	-	-	-	-	-	-	10																					
AVC	-	20	18	16	16	20	24																					

**UNIT – III – PRODUCT AND FACTOR MARKET****SYLLABUS:**

Markets - Definition, types and the role of markets – Market Structure – Characteristics – Perfect and Imperfect Competition – Monopoly – Monopolistic and Oligopoly Markets – Price Fixation – Factor Markets – Factors of Production – Characteristics – Factor market Equilibrium – Determination of Factor Price - Theory of Marginal Productivity

**PART- A**

<b>S.NO</b>	<b>QUESTIONS</b>	<b>BT LEVEL</b>	<b>COMPETENCE</b>
1.	What are the features of a Perfect Market?	Level 1	Remembering
2.	Explain the term Market Structure.	Level 2	Understanding
3.	Identify the features of a Monopoly Market	Level 3	Applying
4.	What is meant by Oligopoly Market?	Level 1	Remembering
5.	Compare Perfect Competition and Monopolistic Competition	Level 2	Understanding
6.	Identify the various Factors of Production.	Level 3	Applying
7.	What is meant by Factor Market?	Level 1	Remembering
8.	Compare Monopolistic Competition and Monopoly	Level 2	Understanding
9.	Examine Competitive Market	Level 3	Applying
10.	How do you define a Perfect Market?	Level 1	Remembering
11.	Outline the concept of Competitive Equilibrium	Level 2	Understanding
12.	Identify the features of a Monopolistic Competition.	Level 3	Applying
13.	What are the determinants of supply of Factors of Production?	Level 1	Remembering
14.	Illustrate how demand for Factors of Production is determined?	Level 2	Understanding
15.	Identify the significance of Market Efficiency.	Level 3	Applying
16.	How do you define a Kinked Demand Curve?	Level 1	Remembering
17.	Explain Marginal Productivity Theory.	Level 2	Understanding
18.	Examine the concept of Price Leadership?	Level 3	Applying
19.	What is meant by Market Failure?	Level 1	Remembering
20.	Compare Consumer Equilibrium and Producer Equilibrium	Level 2	Understanding
21.	Identify the reasons for market failure.	Level 3	Applying
22.	What is meant by Imperfect Market?	Level 1	Remembering
23.	Compare Monopoly and Monopolistic competition.	Level 2	Understanding
24.	Identify the characteristics of Monopolistic Market.	Level 3	Applying



**PART- B**

<b>S.NO</b>	<b>QUESTIONS</b>	<b>BT LEVEL</b>	<b>COMPETENCE</b>
1.	What are the various methods of improving the efficiency of Competitive market? (13)	Level 1	Remembering
2.	Give a detailed outline on the different types of Market Structure. (13)	Level 2	Understanding
3.	'Market Structures depends on relative cost and demand factors' Examine the given statement and substantiate your views with valid reasons. (13)	Level 3	Applying
4.	What is your opinion of General equilibrium? Explain in detail (13)	Level 1	Remembering
5.	Summarize the essential characteristics of competitive market and explain how to make such markets are more efficient. (13)	Level 2	Understanding
6.	'Demand for Labour reflects Marginal Productivity'. Illustrate with suitable graph. (13)	Level 3	Applying
7.	How is the market and product factor synchronized to maintain the economic efficiency? (13)	Level 1	Remembering
8.	Explain the kinked demand curve along with its assumptions and criticisms. (13)	Level 2	Understanding
9.	Illustrate imperfect competition and examine the costs and consequences of it. (13)	Level 3	Applying
10.	What is meant by marginal productivity theory of factor pricing? Recall its main short comings. (13)	Level 1	Remembering
11.	Compare price and output equilibrium under monopolistic competition with that under perfect competition (13)	Level 2	Understanding
12.	Illustrate how price & output decisions are taken under oligopoly market condition? (13)	Level 3	Applying
13.	What are the determinants of factor price? Explain in detail. (13)	Level 1	Remembering
14.	Explain characteristics of Monopolistic & Oligopolistic Competition. (13)	Level 2	Understanding
15.	Examine the interaction of product and market factor? (13)	Level 3	Applying
16.	What is meant by Monopolistic Competition? Discuss the features, advantages and disadvantages. (13)	Level 1	Remembering
17.	Explain about the producer who will be determining the pricing factors (13)	Level 2	Understanding

PART - C				
S.NO	QUESTIONS		BT LEVEL	COMPETENCE
1.	Consider your two favorite soft drinks. Suppose the price of a two-liter bottle of your second-choice falls. How much of a price decrease would it take to induce you to substitute the second for your first choice? Estimate the cross elasticity of demand for the drinks. Are they part of the same market?		Level 4	Analysing
2.	Recommend the solutions to avoid black marketing of essential goods in short supply.		Level 5	Evaluating
3.	Perfect competition, monopoly, monopolistic competition and oligopoly are the types of market structures considered in economic analysis. Which of these types would you relate to the following markets? (a) Food grains: Rice and Wheat (3Marks) (b) Stock market (3Marks) (c) Market for bus transport in New Delhi (3Marks) (d) Passenger cars (3Marks) (e) Confectionary (3Marks)		Level 6	Creating
4.	Retail sales at the airports had been growing fast and the sales touched \$27.1 billion in 2007. Such impressive growth made the airport the fastest growing retail channel behind the internet. The increased passenger traffic growth along with the soaring tourists' movements among countries was fueling the growth of airport retailing. But the global economic downturn with increasing oil prices etc. resulted in a rise in air fares, adversely affecting air travel and retail spending at the airports. Whether the airports retailing remain a prominent source of revenue in the global economic downturn remains to be seen. <b>Questions:</b> (a) What is airport retailing? (8Marks) (b) Discuss the impact of global economic downturn on airport retailing. (7Marks)		Level 4	Analysing
5.	Analyse the Marginal Productivity Theory of Factor Pricing. What are its main shortcomings?		Level 4	Analysing

**UNIT – IV – PERFORMANCE OF AN ECONOMY – MACROECONOMICS****SYLLABUS:**

Macro-Economic Components – Household – Firms – Government – Circular Flow of Money in economy – Concept of Macroeconomic Equilibrium – Aggregate Demand and Supply – National Income – Components – Determination and Methods of Computing National Income – Multiplier Effect – Fiscal Policy – Role of Government in Macro Economic Equilibrium.

**PART- A**

<b>S.NO</b>	<b>QUESTIONS</b>	<b>BT LEVEL</b>	<b>COMPETENCE</b>
1.	What is Gross National Income?	Level 1	Remembering
2.	Explain circular flow of income.	Level 2	Understanding
3.	Identify the various components of Aggregate Demand.	Level 3	Applying
4.	What are the components of National Income?	Level 1	Remembering
5.	Compare GNP and GDP	Level 2	Understanding
6.	Illustrate Multiplier Effect.	Level 3	Applying
7.	Define Aggregate Demand.	Level 1	Remembering
8.	Identify the components of GDP.	Level 2	Understanding
9.	Classify the various approaches to National Income?	Level 3	Applying
10.	How is Fiscal policy effectiveness measured?	Level 1	Remembering
11.	Outline the concept of aggregate supply.	Level 2	Understanding
12.	Identify the macroeconomic aggregates.	Level 3	Applying
13.	Define Multiplier.	Level 1	Remembering
14.	What do you mean by accelerator?	Level 2	Understanding
15.	How would you define Effective Demand?	Level 3	Applying
16.	Can you explain about the circular flow of economic activity?	Level 1	Remembering
17.	Define national income.	Level 2	Understanding
18.	State the various objectives of Fiscal policy.	Level 3	Applying
19.	What is Pump Priming?	Level 1	Remembering
20.	Explain Compensatory Spending.	Level 2	Understanding
21.	Identify the significance of circular flow of money in an economy.	Level 3	Applying
22.	What is meant by per capita income?	Level 1	Remembering
23.	Explain the term fiscal policy?	Level 2	Understanding
24.	Illustrate the nature of Fiscal Policy.	Level 3	Applying

**PART- B**

<b>S.NO</b>	<b>QUESTIONS</b>	<b>BT LEVEL</b>	<b>COMPETENCE</b>
1.	What facts would you select to show the causes of unemployment? (13)	Level 1	Remembering
2.	How do different forces interact to determine over all macroeconomics activity? Illustrate. (13)	Level 2	Understanding
3.	Discuss the components, methods and factors influencing national income. (13)	Level 3	Applying
4.	Discuss the compensatory fiscal policy as a device for controlling cyclical fluctuation. (13)	Level 1	Remembering
5.	“Decline in aggregate demand leads to an economic downturn”? Explain (13)	Level 2	Understanding
6.	In developing countries like India there are peculiar difficulties involved in the estimation of National Income- Examine the given statement. (13)	Level 3	Applying
7.	What are the various macro-economic factors influencing the performance of an economy? (13)	Level 1	Remembering
8.	Illustrate how the national income of a country is determined? (13)	Level 2	Understanding
9.	Explain the various macro-economic factors influencing the performance of an economy. (13)	Level 3	Applying
10.	How would you explain the theories of Fiscal Policy? (13)	Level 1	Remembering
11.	Demonstrate the circular flow of money in macro-economic activity. (13)	Level 2	Understanding
12.	What do you understand by Multiplier Effect? Explain with diagrammatic representation. (13)	Level 3	Applying
13.	Elucidate the role of budget in National Income. (13)	Level 1	Remembering
14.	Narrate in detail about macro-economic aggregate and the performance of economy. (13)	Level 2	Understanding
15.	Illustrate the policy measures to solve the unemployment problem. (13)	Level 3	Applying
16.	How do different forces interact to determine over all macroeconomic activity? (13)	Level 1	Remembering
17.	Elaborate the causes of inflation and its effects on multidimensional public. (13)	Level 2	Understanding

**PART - C**

<b>S.NO</b>	<b>QUESTIONS</b>	<b>BT LEVEL</b>	<b>COMPETENCE</b>
1.	Why do national income accountants include only final goods in measuring GDP for a particular year? Why don't they include the value of stocks and bonds sold? Why don't they include the value of used furniture bought and sold? What are government's fiscal policy options for ending severe demand-pull inflation? Use the aggregate demand-aggregate supply model to show the impact of these policies on the price level. Which of these fiscal policy options do you think a "conservative" economist might favor?	Level 4	Analysing
2.	'A strong Fiscal Policy is very important for the economy of a nation.'  a) State and evaluate the problem of time lags in enacting & applying fiscal policy (5Marks)  b) Explain the notion of a business cycle. (5Marks)  c) What is the crowding-out effect & why is it relevant to fiscal policy? (5Marks)	Level 5	Evaluating
3.	In developing countries like India there are peculiar difficulties involved in the estimation of National Income – Elaborate.	Level 4	Analysing
4.	The Government influences investment, employment, output and income through monetary policy. With this respect answer the following:  a) What are the objectives of monetary policy? (5Marks)  b) State the cause-effect chain through which monetary policy is made effective. (5Marks)  c) What are the major strengths and weaknesses of monetary policy? (5Marks)	Level 4	Analysing
5.	Explain the role of fiscal policy in developing the nation and how does the various instruments of fiscal policy support in achieving the objective.	Level 4	Analysing

**UNIT – V – AGGREGATE SUPPLY AND THE ROLE OF MONEY****SYLLABUS:**

Macro-Economic Variables – Unemployment and its impact – Okun's Law – Inflation and Deflation – Philips Curve – Short run and Long run – Recent Government programs towards employment – RBI and Monetary Policy to control inflation.

**PART- A**

<b>S.NO</b>	<b>QUESTIONS</b>	<b>BT LEVEL</b>	<b>COMPETENCE</b>
1.	What is Inflation Rate?	Level 1	Remembering
2.	Explain the Okun's law.	Level 2	Understanding
3.	Identify the role of money market.	Level 3	Applying
4.	What is meant by inflation rate?	Level 1	Remembering
5.	Explain Supply curve of money.	Level 2	Understanding
6.	Identify the causes of Unemployment	Level 3	Applying
7.	Define unemployment.	Level 1	Remembering
8.	Explain the term frictional unemployment.	Level 2	Understanding
9.	Identify the measures for reducing inflation.	Level 3	Applying
10.	Define Monetary Policy.	Level 1	Remembering
11.	Summarise the objectives of Monetary Policy	Level 2	Understanding
12.	Identify the role of Central Bank.	Level 3	Applying
13.	What are Commercial Papers?	Level 1	Remembering
14.	Compare inflation and deflation.	Level 2	Understanding
15.	Identify the functions of Money Market	Level 3	Applying
16.	What is meant by Commercial Bills?	Level 1	Remembering
17.	Explain Philip's curve.	Level 2	Understanding
18.	Identify the reasons for cost push inflation.	Level 3	Applying
19.	What is meant by demand pull inflation?	Level 1	Remembering
20.	Explain Cyclical Unemployment	Level 2	Understanding
21.	Identify the remedies for unemployment problem.	Level 3	Applying
22.	What is meant by Inflation?	Level 1	Remembering
23.	Compare money market and capital market.	Level 2	Understanding
24.	Identify the functions of Money Market.	Level 3	Applying

<b>PART- B</b>				
<b>S.NO</b>	<b>QUESTIONS</b>		<b>BT LEVEL</b>	<b>COMPETENCE</b>
1.	What are the causes for Unemployment in India? Elaborate	<b>(13)</b>	Level 1	Remembering
2.	Explain the impact of government policies to solve unemployment problem in India.	<b>(13)</b>	Level 2	Understanding
3.	Examine the concept of Inflation and the various measures to check on Inflation.	<b>(13)</b>	Level 3	Applying
4.	How do different forces interact to determine overall macroeconomic activity?	<b>(13)</b>	Level 1	Remembering
5.	Interpret the concept of Philips curve and explain Long and Short run Philips Curve.	<b>(13)</b>	Level 2	Understanding
6.	Explore Okun's Law and its applications.	<b>(13)</b>	Level 3	Applying
7.	What are the various types of Monetary Policies? Elaborate in detail.	<b>(13)</b>	Level 1	Remembering
8.	Explain the role of monetary policy towards economic development.	<b>(13)</b>	Level 2	Understanding
9.	Examine the effects of Monetary Policy towards credit control in the economy.	<b>(13)</b>	Level 3	Applying
10.	What is the role of Reserve Bank in economic development?	<b>(13)</b>	Level 1	Remembering
11.	Illustrate the reasons and measures to be adopted towards Inflation in an economy?	<b>(13)</b>	Level 2	Understanding
12.	Examine Supply Side Policy and its implications. .	<b>(13)</b>	Level 3	Applying
13.	What are the various types of Unemployment? Elaborate the adverse effects of unemployment in the economy.	<b>(13)</b>	Level 1	Remembering
14.	Enunciate Inflation Vs Unemployment Tradeoff using Philips Curve.	<b>(13)</b>	Level 2	Understanding
15.	Examine the impact of inflation on output and distribution of income.	<b>(13)</b>	Level 3	Applying
16.	What is the role of monetary policy? Explain.	<b>(13)</b>	Level 1	Remembering
17.	Examine the impact of inflation on the various sections of the society.	<b>(13)</b>	Level 2	Understanding

**PART - C**

S.NO	QUESTIONS	BT LEVEL	COMPETENCE
1.	<p>Suppose the government misjudges the natural rate of unemployment to be much lower than it actually is, and thus undertakes expansionary fiscal and monetary policy to try to achieve the lower rate. In the short run there is probably a tradeoff between unemployment and inflation. The government's expansionary policy should reduce unemployment as aggregate demand increases. However, the government has misjudged the natural rate and will continue its expansionary policy beyond the point of the natural level of unemployment. As aggregate demand continues to rise, prices begin to rise. In the long-run, workers demand higher wages to compensate for these higher prices. Aggregate supply will decrease (shift leftward) toward the natural rate of unemployment. In other words, any reduction of unemployment below the natural rate is only temporary and involves a short-run rise in inflation. This, in turn, causes long-run costs to rise and a decrease in aggregate supply. The end result should be an equilibrium at the natural rate of unemployment and a higher price level than the beginning level. The long-run Phillips curve is thus a vertical line connecting the price levels possible at the natural rate of unemployment found on the horizontal axis.</p> <p><b>Questions: Use the concept of:</b></p> <p>i) Short-run Phillips Curve to explain why these policies at first succeed. (8Marks)</p> <p>ii) Long-run Phillips Curve to explain the long-run outcome of these policies. (7Marks)</p>	Level 4	Analysing
2.	<p>In the context of Public Debt policy, answer the following questions:</p> <p>i) What are the two main ways the size of the public debt is measured? (5Marks)</p> <p>ii) Distinguish between refinancing and retiring the debt. How does and internally held debt differ from an externally held public debt (5Marks)</p>	Level 5	Evaluating



	iii) Contrast the effects of retiring internally held debt from externally held debt (5Marks)			
<b>3.</b>	Analyse the application of government fiscal policy in offsetting fluctuations in the level of income in the country.		Level 4	Analysing
<b>4.</b>	“The budget is an instrument for attaining and maintaining full employment with stability” – Justify		Level 5	Evaluating
<b>5.</b>	Evaluate the factors involved in determining the demand and supply of money.		Level 5	Evaluating