

International Institute of Information Technology
HS0.216- Thinking and Knowing in Human Sciences
Monsoon 2024
Mid-Semester Exam

Marks: 30

Time: 90 minutes

Answer any two out the following questions within 500-700 words each

1. Can we evaluate different economic theories and identify one of them as better than others? Justify your position. 15
2. a) Why did Keynes argue for the role of government intervention in a capitalist economy?
b) Consider a country for which exports are exogenously given and imports depend on income. Now assume that the country loses its capacity to produce foodgrains due to an ongoing civil war. What will be the effect of this war on the value of the (expenditure) multiplier for this country. 8+7
3. a) Illustrate the Purchasing Power Parity adjustment to GDP for a given country with an example.
b) How is the Quantity Theory of Money used to explain demand pull inflation? 7+8