

Note:- All questions are compulsory.

Figures to the right indicate full marks.

Draw diagrams wherever necessary.

Q1) A) Select the best answer from the given options (Any 8) (08)

- 1) _____ types of Economy deals with the rest of the world.
(i) closed (ii) open (iii) only developed (iv) developing
- 2) According to Keynes, as income increases both MPC and APC _____
(i) rise (ii) fall (iii) constant (iv) zero
- 3) _____ refers Fisher's Equation.
(i) $MV=PT$ (ii) $V=M/P$ (iii) $M=KPY$ (iv) $P=M/KT$
- 4) The Inverse of Price level measures _____
(i) Inflation (ii) Money value (iii) Deflation (iv) Multiplier
- 5) FRBM Act was passed in _____
(i) 2004 (ii) 2003 (iii) 2000 (iv) 2002
- 6) During Inflation gainers are _____
(i) Common Man (ii) Debtors (iii) Creditors (iv) All of these
- 7) Money supply M3 indicates _____
(i) C+DD (ii) C+DD+OD (iii) $M3 = M1 + \text{Tim Deposits}$ (iv) None
- 8) The Tax _____ Purchasing power of Tax Payer.
(i) increases (ii) reduces (iii) does not effect (iv) None of these
- 9) $Y=C+S$, also means _____
(i) $Y=C+S$, (ii) $C+S=C+I$ (iii) $S=I$ (iv) All of these
- 10) Surplus Budget Fiscal Policy is following during _____
(i) Inflation (ii) Boom (iii) Depression (iv) None of these

Q1) B) State whether the following statements are True or False. (Any 7) (07)

- 1) Macro Economics studies the Economy as whole and analysis its functions.
- 2) The MPS is the counterpart of MPC.
- 3) Repo rate is Interest Rate paid by Central Bank.
- 4) Four sector Economy is an open Economy.
- 5) Modern money also known as Broad Money.
- 6) The concept of multiplier was developed by R.F. Khan in 1931.
- 7) Incidence means final burden of Tax

- 8) Improved technology has made Foreign Exchange fast and simple.
- 9) Arbitrageurs are interest in making profit.
- 10) If the export price is greater than the import price, terms of trade will be unfavourable.

Q2) A) Explain the concept of Circular Flow of Income and Expenditure in a closed Economy. (08)

B) State the meaning and features of Trade Cycle. (07)

OR

Q2) C) Discuss the features and scope of Macro Economics. (15)

Q3) A) Discuss the constituents of money supply. (08)

B) Critically evaluate Fisher's Equation of Exchange. (07)

OR

Q3) C) Discuss the features and factors of consumption function. (15)

Q4) A) Explain the meaning and objectives of Fiscal Policy. (08)

B) Discuss the factors that influences the incidence of taxation. (07)

OR

Q4) C) Discuss the various types of Public Debt. (08)

D) State the causes of inflation. (07)

Q5) A) Discuss the features and benefits of Foreign Direct Investment to host country. (15)

OR

Q5) Short Notes (Any 3) (15)

- 1) GDP
- 2) Saving Function
- 3) Green GNP
- 4) Money Supply M3
- 5) Income Velocity