

NOTE: 1. All Questions are Compulsory.

2. Figures to right indicate full marks.

Q1. A) State whether the following statements are **TRUE OR FALSE**: (Any 8) (8)

1. SLR refers to Stable Liquidity Ratio.
2. Public expenditure is not utilized for the maintenance of the economy.
3. Money kept for emergency is not accounted under precautionary motive
4. Free trade does not promote international trade.
5. Balance of payments is not maintained in a form of double entry book keeping method.
6. National income is studied under macroeconomics.
7. Taxes are collected by government under three sector model of circular flow of income
8. Green GNP takes into account environmental factors.
9. Money is what money does.
10. Price stability is one of the important objectives of monetary policy.

Q1. B) Fill in the blanks with the appropriate terms given below: (Any 7) (7)

1. Ceiling on loan refers to _____.
a) Moral Suasion b) Margin requirement c) Rationing of credit d) Direct action
2. Internal debt implies borrowings from _____.
a) domestic country b) foreign country c) region d) locality
3. FRBM Act was passed in _____.
a) 2000 b) 2001 c) 2002 d) 2003
4. _____ rate refers to exchange rate between two currencies at a fixed date in future.
a) Forward b) Spot c) Hedging d) Arbitrage
5. _____ lowers the value of domestic currency.
a) Appreciation b) Depreciation c) Stabilizing d) Saturation
6. An open economy which has foreign trade is known as _____.
a) closed economy b) open economy c) mixed economy d) partial economy
7. At peak prosperity _____.
a) begins b) ends c) is at top d) is under stability
8. Consumption is a function of _____.
a) expenditure b) savings c) income d) price
9. Income and business motive comes under _____ motive.
a) precautionary b) transaction c) speculative d) expenditure
10. A.C. Pigou and D. H. Robertson are _____ economist.
a) Cambridge b) Harvard c) Trinity d) Berkley

Q.2 A) Explain the meaning and importance of macroeconomics in details. (8)

B) What are the various leakages in the theory of multiplier. (7)

OR

C) Solve the following schedule. (8)

Income (Rs.) (Y)	Consumption (Rs.) (C)	Savings (Rs.) (Y - C = S)	Average Propensity to Consume (C/Y = APC)
3000	3000		
4000	3800		
5000	4500		
6000	5000		
7000	5200		

D) Examine circular flow of income in a two-sector model. (7)

Q.3 A) Discuss the Keynes liquidity preference theory of demand for money. (8)

B) Explain various effects of inflation. (7)

OR

C) What are the various determinants of money supply? (8)

D) Examine Fisher's equation of exchange. (7)

Q.4 A) What are the various factors affecting incidence of taxation? (8)

B) Explain the various types of public debt. (7)

OR

C) Examine the structure of balance of payments in detail. (8)

D) Highlight the various participants dealing in foreign exchange market. (7)

Q.5 A) Analyze Ricardo's comparative cost theory of international trade in detail. (8)

B) What are the various advantages and disadvantages of fixed exchange rate. (7)

OR

Q.5 Write short notes on: (Any 3) (15)

A) GDP

B) Fiscal deficit

C) Measures to correct disequilibrium in balance of payments

D) Income terms of trade

E) Government expenditure