

(2 ½ Hours)

[Total Marks: 75]

N.B : (1) **All Questions are Compulsory.**(2) **Figures** to the right indicate **full** marks.(3) Draw **neat diagram** wherever necessary.Q1. A) State whether the following statements are **True OR False: (Any 8)**

8

1. The concept of national income is a monetary measure.
2. Trade cycle is recurring in nature.
3. The precautionary demand for money is utilized for unforeseen contingencies.
4. Cost push inflation is also called as wage-spiral inflation.
5. Government intervention helps to reduce the impact of market failure.
6. Income tax is not a type of direct tax.
7. Ricardo's theory is based on absolute difference in cost.
8. Arbitrage does not help to equalize the exchange rate.
9. Quotas are less effective than tariffs.
10. Foreign Direct Investment (FDI) does not involve transfer of technology.

Q1. B) Match the following pairs- (Any 7)

7

Group 'A'	Group 'B'
1. Gross Domestic Product (GDP)	a. Accepted Universally
2. Investment Demand	b. Cash Reserve Ratio (CRR)
3. Inflation targeting	c. Offer curve
4. Direct control	d. Trade Account
5. Fiscal policy	e. Productive Expenditure
6. Expenditure on Education	f. C+I+G
7. Export of Goods	g. Spot rate
8. Gains of trade	h. Price forecasting
9. Current Exchange Rate	i. Marginal Efficiency of Capital (MEC)
10. Vehicle Currency	j. Taxation

- Q.2 A) Discuss the circular flow of income in a two sector economy. 8
B) Highlight the four main phases of a trade cycle. 7
OR
C) Examine Keynes principle of effective demand. 8
D) Explain the working of multiplier with a suitable example and diagram. 7
- Q.3 A) Briefly explain the Keynesian approach to demand for money. 8
B) Explain in detail velocity of circulation of money. 7
OR
C) Discuss the effects of inflation on production and consumption. 8
D) Outline the main objectives of monetary policy. 7
- Q.4 A) Highlight the principle of sound finance. 8
B) Analyze the various canons of taxation. 7
OR
C) Describe the main features of FRBM Act 2003. 8
D) Define public debt. Explain its various types. 7
- Q.5 A) Discuss the arguments for fixed exchange rate. 8
B) Describe the structure of balance of payments. 7
OR
- Q.5) Write short notes on the following :(Any 3) 15
a) Gross National Product (GNP)
b) Cambridge cash balance approach.
c) Spot exchange rate.
d) Role of Multinational Corporations (MNCs).
e) Net barter and Gross barter terms of trade.
