

Time: 2.30 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.

Attempt all questions.

Q1. (A) State whether the following statements are **True/ False (Any Eight)**

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1. GNP is the total final output produced with inputs owned by the residents of a country during a year.
2. Savings are injections in the circular flow of income.
3. An increase in Statutory Liquidity Ratio leads to a fall in credit creation.
4. Inflation is beneficial to the creditors.
5. Fiscal policy deals with managing nation's money and credit.
6. The concept of functional finance was popularised by A.P. Learner.
7. Comparative cost advantage theory of international trade is based on labour theory of value.
8. Trade balance is a part of capital account balance.
9. Protectionism favours infant industries.
10. When the government interferes in the determination of exchange rate, it is called dirty float.

Q.1 B) Match the following pairs (**any Seven**):

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	Group 'A'		Group 'B'
1.	Exports	a.	Capital Account
2.	Recession	b.	Indirect Tax
3.	Cash Reserve Ratio	c.	Decline in prices
4.	Deflation	d.	Ricardo
5.	Sound Finance	e.	Monetary Instrument
6.	Excise Duty	f.	Balanced budget
7.	Comparative cost advantage	g.	Injections
8.	Trade barriers	h.	Automatic adjustments
9.	Foreign Investment	i.	Protected trade
10.	Flexible Exchange rate	j.	Unemployment

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Q2 A) What is the significance of National Income accounting? 8

B) Discuss the factors determining consumption function. 7

OR

C) Discuss the stages of business cycles. 8

D) What is 'investment multiplier'? Explain its working. 7

Q3. A). What do you understand by money supply? What are its determinants? 8

B). Explain the qualitative instruments of monetary policy. 7

OR

C). What is inflation? What is its effect on production and consumption? 8

D). Explain the 'Fisher's equation of exchange'? 7

Q4 A). Explain the principle of sound finance. 8

B). Explain the burden of Internal Public Debt? 7

OR

C). What do you understand by public debt? What are its kinds? 8

D). Discuss the features of Fiscal Responsibility and Budget Management Act, 2003. 7

Q5. A) What are the merits of Foreign Direct Investment? 8

B). Explain the Hechsher Ohlin theory of factor endowment. 7

OR

Q5. Write short notes on the following-(Any three): 15

1. Scope of macroeconomics.
2. Wage spiral inflation.
3. Burden of public debt.
4. Gains from trade.
5. Forward exchange rate
