

NOTE :- ALL QUESTIONS ARE COMPULSORY.

FIGURES TO THE RIGHT INDICATE FULL MARKS .

DRAW NEAT DIAGRAMS WHEREVER NECESSARY.

Q.1) A) State whether the following statements are True or False (Any Eight)

(08)

- 1) Law of demand and supply is not a subject matter of macro economics.
- 2) The investment theory attributes business cycles to changes in MEC.
- 3) According to Keynes as income increases 60^{th} MPC and APC fall.
- 4) If a part of an increase in income is spent on imports the value of multiplier will be high.
- 5) Money supply includes money held by central bank , commercial banks and state treasury.
- 6) Demand of money for transaction and preaction motive is interest elastic.
- 7) During inflation the value of money declines.
- 8) Central bank is the highest monetary authority of the country.
- 9) FRBM Act was passed in the year 2003.
- 10) Hedgers enter forward exchange market to cover the risk.

Q.1) B) Match the following pairs (Any Seven)

(07)

Group A

Group B

- | | |
|-------------------------|--------------------------------------|
| 1) Trade Cycles | a) Transnational Corporations |
| 2) Market Failure | b) Fall in General Price Level |
| 3) Fiscal Policy | c) Internationally Accepted Currency |
| 4) Taxes | d) Public Borrowings |
| 5) Public Debt | e) Reduce Disposal Income |
| 6) Tariffs | f) Economic Fluctuations |
| 7) Portfolio Investment | g) Free Rider Problem |
| 8) Vehicle Currency | h) Protection |
| 9) MNC's | i) Government |
| 10) Deflation | j) Financial Instruments |

Q.2) A) Explain the circular flow of income in a three sector economy (08)

B) Examine the various concepts of national income (07)

OR

C) Discuss the leakages of Multiplier (08)

D) Examine how effective demand is determined with the help of ADF and ASF (07)

Q.3) A) Evaluate Keynes approach of demand for money (08)

B) What are the constituents of money supply (07)

OR

C) Briefly explain the causes of inflation (08)

D) Discuss the quantitative techniques of credit control (07)

Q.4) A) Examine the principle of sound finance (08)

B) Outline the objectives of fiscal policy (07)

OR

C) Analyse the burden of internal public debt (08)

D) State and explain the various concepts of deficit (07)

Q.5) A) Analyse the arguments for protection trade policy (08)

B) Explain the various factors which affects the terms of trade (07)

OR

Q.5) Write Short Notes on the following (Any Three) (15)

1) Green National Income

2) Trade Cycles

3) Public Expenditure ,

4) Voluntary And Compulsory Public Debt

5) Spot Exchange Rate.