

Q. 1 A) Fill in the blanks with appropriate word: (any eight)

- 1) Income is a \_\_\_\_\_ concept. (Flow, Static)
- 2) Peak is the part of \_\_\_\_\_ phase. (Recession, Prosperity)
- 3) Currently \_\_\_\_\_ is more popular instrument of monetary policy in India (REPO / CRR)
- 4) Goods market will be in equilibrium when \_\_\_\_\_ ( $I = S / L = M$ )
- 5) Lower taxes or higher expenditure means \_\_\_\_\_ fiscal policy.  
(Expansionary / Contractionary)
- 6) Public revenue, Public expenditure and public \_\_\_\_\_ are three components of Budget.  
(Deficit / Debt)
- 7) Expenditure on infrastructure is \_\_\_\_\_ expenditure.  
(Development / Non - Development)
- 8) Economy will be in equilibrium if savings \_\_\_\_\_ (Government expenditure / Expenditure)
- 9) \_\_\_\_\_ is the main goal of monetary policy in India. (Price stability / High GDP)
- 10)  $\angle M$  is \_\_\_\_\_ sloping curve from left to right. (Upward / Downward)

B) Say whether the following statement are true or false : (any seven)

- 1) If import is the leakage, export will be the injection.
- 2) If investment is more than savings, country's national income will increase.
- 3) Monetary policy causes shift in IS.
- 4) Liberal fiscal policy leads to increase in national income.
- 5) More money supply can cause inflation.
- 6) Continuous fall in general price level is called as stagflation.
- 7) More velocity will lead to fall in money supply.
- 8) During inflation liberal monetary policy is adopted.
- 9) Public expenditure is one of the tools of fiscal policy.
- 10) Capital budget includes the governments revenue receipts and expenditure.

Q. 2 A) Explain the four sector model of circular flow theory.

B) Discuss the derivation of  $\angle M$  curve.

OR

C) Explain the impact of monetary policy on general equilibrium.

D) Discuss the derivation of IS curve.

P.T.O.

Q. 3 A) What are the causes of Inflation?

B) Analyse briefly the cost - push inflation.

OR

C) Discuss the phase of Business cycle.

D) Explain the theory of innovations by Joseph Schumpeter.

Q. 4 A) Explain the constituents of money supply.

B) Elaborate RBI's measure of money supply.

OR

C) Explain in detail on velocity of circulation.

D) Discuss the objectives of Monetary Policy.

Q. 5 Short notes (any 3)

A) Objectives of Fiscal Policy

B) Types of Public Expenditure

C) Sources of Public Revenue

D) Slope and shift of IS curve

E) Features of Business Cycle.

— The End —