Q.P. Code :23404

[Time: 2.30 Hours] **[Marks:75]**

Please check whether you have got the right question paper.

N.B: 1. Attempt all questions.
2. All questions carry equal marks

Q.1 Answer any two **15**
a) Explain the circular flow of income and expenditure in an open economy.
b) Explain the phases of Trade cycle.
c) Explain the Theory of multiplier.

Q.2 Answer any two **15**
a) Discuss the different concepts of money supply and its determinants.
b) Explain the fisher's equation of exchange.
c) Explain the effects of inflation.

Q.3 Answer any two **15**
a) Explain the objectives of fiscal policy.
b) Explain the classification of public debt.
c) Explain the important features of FRBM Act, 2003.

Q.4 Answer any two **15**
a) Explain Ricardian theory of comparative cost.
b) What are the different types of foreign direct investment?
c) Explain the advantages of flexible exchange rate.

Q.5 A) Explain the following concepts (any four) **08**
1) GNP
2) Aggregate demand
3) Inflation
4) Balanced growth
5) Free trade
6) Currency appreciation

B) Multiple choice question (any seven) **07**
1) National income of a country is the total market value of ------ goods and services produced in the economy during a year
a) Final
b) Intermediate
c) Both a and b
d) None of the above
2) During ------- consumer purchases decline slowly
a) Prosperity
b) Recession
c) Recovery
d) All of the above

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3) Inflation is a state in which the value of money is -----
   a) Constant
   b) Rising
   c) Falling
   d) None of the above

4) Which one of the following is not a selective method of credit control ----
   a) Margin requirement
   b) Rationing credit
   c) Statutory liquidity ratio
   d) Direct action

5) Public revenue , public expenditure and public debt are all ---------
   a) Functions of public finance
   b) Government decisions
   c) Costs of public
   d) None of the above

6) Which one of the following favoured a balanced budget ----------
   a) Classical economists
   b) A.P.Lerner
   c) F.H.Knight
   d) J.M.Keynes

7) According to Ricardo international trade is beneficial under ------
   a) Absolute cost
   b) Comparative cost
   c) Equal difference in cost
   d) None of the above

8) GNI in an open economy is equal to -------
   a) GDP +(X-M)
   b) GDP +(X – M) + R – P
   c) GDP + (R – P)
   d) None of the above

9) Which of the following represents fisher's equation? ------
   a) MV = PT
   b) M = kPY
   c) V= M/P
   d) P= M/kT

10) Terms of trade are favorable, if the current index in comparison to the base year index is -------
   a) Less
   b) More
   c) Same
   d) None of above

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