

[Time: 2 1/2 Hours]

[75 Marks]

- Note:** 1. Attempt all questions
2. Figures to the right indicate full marks
3. Draw neat and clear figures wherever applicable.

- Q.1 Answer any two: 15 marks**
- Explain the concept of circular flow of income and expenditure in a two sector economy.
 - Discuss the various concepts of national income.
 - Discuss the leakages in working of multiplier.
- Q.2 Answer any two: 15 marks**
- Discuss the Cambridge Cash Balance Approach.
 - Explain the effects of inflation.
 - Explain the instruments of monetary policy.
- Q.3 Answer any two: 15 marks**
- Discuss the objectives of fiscal policy.
 - Explain the significance of public expenditure.
 - Explain the burden of internal debt.
- Q.4 Answer any two: 15 marks**
- Explain Ricardian theory of comparative cost.
 - Discuss the arguments for protection.
 - Explain the advantages of fixed exchange rate.
- Q5.A Explain the following concepts. (any four) (2 X 4 = 8)**
- | | |
|--------------------------|---------------------------|
| (i) Consumption function | (ii) Closed economy |
| (iii) Inflation | (iv) External debt |
| (v) Tariff | (vi) Balance of payments. |
- Q5.B Multiple Choice Question (any seven) (1 X 7 =7)**
- Macro economics is derived from the Greek word _____.
a) Mikros b) Makros c) Micro d) Macro
 - Cyclical fluctuations are _____ in nature.
a) Recurrent b) Rare c) Long term d) Short term
 - Transactions demand for money is explained by _____.
a) Classical economists b) Neo-classical economists
c) David Ricardo d) Adam Smith.

- 4 During recession, RBI will _____ CRR.
a) Decrease b) Increase c) Remain same d) None of the above
- 5 FRBM Act was passed in which year _____
a) 2000 b) 2001 c) 2002 d) 2003
- 6 Debt mobilised from external sources is called _____ debt.
a) Internal b) External c) Private d) Public
- 7 Public expenditure refers to the _____ expenditure.
a) Private b) Government
c) Both A and B d) None of the above
- 8 Theory of Comparative Cost was formulated by _____.
a) Heckscher b) Ohlin c) Ricardo d) Adam Smith
- 9 Devaluation results in _____.
a) Cheaper exports b) Cheaper imports
c) Increase in domestic prices d) Fall in exports
- 10 Fixed exchange rate system was _____.
a) Unstable b) More stable
c) Less stable d) None of the above.