

**NOTE:**

1. ALL QUESTIONS ARE COMPULSORY.
2. ALL QUESTIONS CARRY EQUAL MARKS.
3. DRAW NEAT DIAGRAMS WHEREVER NECESSARY.

**Q1. A) Define the following concepts:( any 5 )**

**10M**

1. Prosperity
2. Green GDP
3. Marginal Efficiency of Capital
4. Precautionary motive
5. IS Curve
6. Velocity of Circulation of Money
7. Deflation
8. Money Supply

**Q1. B) State whether following statements are TRUE OR FALSE**

**10M**

1. Micro Economics studies the economy at aggregate level.
2. According to Say's law supply creates its own supply.
3. MPS is represented by C/Y.
4. Transaction motive of liquidity preference is interest elastic.
5. LM curve slopes downward.
6. Long-run Phillips curve is vertical.
7. Laffer curve states the relationship between tax rate and tax revenue.
8. High powered money is the base of money supply.
9. Stagflation is combination of inflation, slow economic growth and high unemployment.
10. Net Investment = Gross Investment - Replacement Investment.

**Q2. Attempt any two from the following**

**20M**

- A) Discuss the Importance and Limitations of macro economics.
- B) Explain the Circular flow of the income in four sector economy
- C) Define trade cycles and explain it's features.

**Q3. Attempt any two from the following**

**20M**

- A) Examine the various Factors affecting consumption Function.
- B) State the limitations and leakages in the working of the multiplier.
- C) Explain the liquidity preference theory of interest.

**Q4. Attempt any two from the following**

**20M**

- A) Derive LM curve. Explain their slope and shift.
- B) Examine the short-run and long-run Phillips curve.
- C) Explain the supply side economy and its limitations.

**Q5. Attempt any two from the following**

**20M**

- A) Discuss the determinants of money supply.
- B) State various effects of inflation.
- C) What are the causes of inflation?