

Note: 1. All questions are compulsory

2. All questions carry equal marks

3. Draw neat diagram wherever necessary.

**Q.1.A) Explain the following concepts: (Any5)**

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- 1) Personal income
- 2) Recession
- 3) Aggregate demand price
- 4) Gross investment
- 5) Money Market
- 6) Supply shock
- 7) Food inflation
- 8) Precautionary motive

**Q.1.B) State whether following statements are True or False:**

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- 1) "Laissez faire" means no government intervention.
- 2) Circular flow of income in an open economy refers to world economy.
- 3) Green national income measures environmental effects.
- 4) MEC refers to marginal efficiency of capital
- 5) If people hold idle cash balance in their hands it will lead to leakage in the money multiplier process.
- 6) Transaction motive does not consider money required for daily basis transaction.
- 7) LM curve is downward sloping in nature.
- 8) DD does not represent demand deposit.
- 9) Increase in the cost of raw materials leads to demand-pull inflation.
- 10) Cash Reserve Ratio is not a part of monetary measure adopted by RBI.

**Q.2. Answer the following: (Any 2)**

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- 1) Explain the meaning and scope of macroeconomics in detail.
- 2) Analyse the circular flow of income in a three-sector model.
- 3) Discuss the four main phases of trade cycle.

**Q.3. Answer the following: (Any 2)**

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- 1) Explain the meaning and determination of effective demand.
- 2) Highlight the factors affecting consumption function.
- 3) Examine the concept and working of multiplier theory.

**Q.4. Answer the following: (Any 2)**

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- 1) Analyse the derivation and slope of IS curve.
- 2) Examine short-run and long-run Phillips curve.
- 3) Explain the meaning and causes of stagflation.

**Q.5. Answer the following: (Any 2)**

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- 1) Examine Keynes liquidity preference theory of demand for money.
- 2) What are various effects of inflation in the economy.
- 3) Analyse different measures of controlling inflation.