

N.B.

1. All Questions are Compulsory.
2. Figures to the right indicate full marks.
3. Draw diagrams wherever necessary.

**Q. 1. A) Select the best answer from the given options and rewrite the statements (Any 8) (08)**

1. National income is the flow of goods and services produced in an economy in course of
  - a) A Year
  - b) A month
  - c) Six month
  - d) None of the above
2. Green accounting can play a crucial role in the
  - a) Sustainable development
  - b) Economic development
  - c) Rural development
  - d) Urban development
3. At peak
  - a) Prosperity begins
  - b) Recession ends
  - c) Prosperity ends
  - d) Depression ends
4. What is the value of multiplier if MPC is  $\frac{1}{2}$  ?
  - a) 1
  - b) 2
  - c) 3
  - d) 4
5. Money supply  $M_3$  includes
  - a)  $M_3 = C + DD + OD$
  - b)  $M_3 = C + DD + Deposits with post office$
  - c)  $M_3 = M_1 + Time deposits with the banks$
  - d) None of the above
6. The Keynesian theory of money demand emphasizes the importance of
  - a) A constant velocity
  - b) Irrational behaviour on the part of some economic agents.
  - c) Interest rate on the demand for money
  - d) All the above.
7. The chief proponent of the concept of functional finance is
  - a) A.P.Lernner
  - b) J.M.Keynes
  - c) Hugh Dalton
  - d) None of the above

8. Incidence of taxation means
  - a) Initial burden
  - b) Shifting
  - c) Final burden
  - d) None of the above
9. The classical theory of international trade is based on assumption of
  - a) Money cost differences
  - b) Law of returns
  - c) Elasticity of demand
  - d) Labour cost of production
10. Portfolio investments are included in
  - a) Trade balances
  - b) Current account balance
  - c) Capital account balance
  - d) All the above

**Q. 1. B) State whether the following statements are True or False (Any 7) (07)**

1. In a closed economy, GNP is always greater than GDP.
2. Macroeconomics analyses the behaviour of individual firms.
3. Recession, if not controlled will lead to depression.
4. During depression, velocity of circulation of money will be high.
5. Demand for active cash balances depends upon the level of income.
6. A mild inflation is good for the economy.
7. Fiscal policy relies on the use of taxes and spending by the government to influence aggregate demand.
8. Protectionism is adopted only by developing countries.
9. Arbitrage helps to equalise the exchange rate.
10. All countries adopt a flexible exchange rate mechanism at present.

**Q. 2. Attempt A and B or C and D**

- A. Discuss the scope of Macroeconomics. (08)
  - B. Explain the circular flow of income in a two sector closed economy. (07)
- OR**
- C. What is Trade cycle? Explain various phases of trade cycles. (08)
  - D. Explain the concept and working of multiplier. (07)

**Q. 3. Attempt A and B or C and D**

- A. What are the various determinations of money supply? (08)
  - B. Discuss the demand pull and cost push inflation. (07)
- OR**
- C. Discuss the Keynesian liquidity preference theory of interest. (08)
  - D. Explain various instruments of monetary policy. (07)

**Q. 4. Attempt A and B or C and D**

- A. Define public good. What are the characteristics of public good? (08)
  - B. Explain the objectives of fiscal policy. (07)
- OR**
- C. Discuss the various factors influencing incidence of taxation. (08)
  - D. Write a note on FRBM Act 2003. (07)

**Q. 5. Attempt A and B or C and D**

- A. Examine Ricardian theory of comparative difference in cost. (08)
- B. Explain structure of Balance of payment. (07)

**OR**

**Write short note on (Any 3) (15)**

- 1. Green GNP concept
  - 2. Fisher's Equation of Exchange
  - 3. Fiscal deficit and Primary deficit
  - 4. Types of disequilibrium in Balance of Payment
  - 5. Arbitrage and Hedging concepts
-