

5/10/19

VCD SYBMS B.ECO(II) IV- SEM ATKT EXAM 2019-20 75 MARKS TIME 2 ½ Hrs

- Note: i) All questions are compulsory.  
ii) All questions carry equal marks.  
iii) Figure to right indicates full marks.

Q1) Answer the following (15 Marks)

A) Fill in the blanks (Attempt any 8) (8 Marks)

- I. The four sector circular flow economy does not include \_\_\_\_\_  
(World economy, financial market, crude oil reserves in oil wells)
- II. What is the total money value of final good and services produced within in a country \_\_\_\_\_  
(GDP, GNI, NNI)
- III. Prosperity is the stage that comes after \_\_\_\_\_ stage  
(Peak, recession, depression)
- IV. \_\_\_\_\_ is a situation in which free markets fails to satisfy society's want.  
(Invisible hand, Market failure, structural changes)
- V. Under \_\_\_\_\_ stage government could rise the interest rate.  
(contracyclical, expansionary, fiscal policy)
- VI. Under open market operation, the Central bank \_\_\_\_\_ the government securities.(buys, sells, buy & sell)
- VII. Repo rate is the rate of interest paid by \_\_\_\_\_  
(people, commercial banks, central bank)
- VIII. FDI means \_\_\_\_\_  
(foreign direct investment, foreign development institution, foreign direct ir.stitution)
- IX. Current account deficit is concerned with \_\_\_\_\_  
(BOP, personal bank a/c, business a/c)

B) State True or False form below mention statements. (7 Marks)

1. Capital account is not part of Balance Of Payment.
2. Business cycle was first explained by J M Keynes.
3. Hyper inflation is not good for economy.
4. FDI refers to investment by multinationals.
5. Impact and incidence are same in case of personal income tax.
6. Acceleration of economic growth is one of the objective of fiscal policy.
7. The MPS is the counterpart of MPC.

Q2) Attempt (A) and (B) Or (C) and (D) (15 Marks)

- a) Explain the circular flow of income and bring out the importance. (8 Marks)  
b) Explain the term 'Business Cycle'. And write a note on 'Expansion phase.(7 Marks)

OR

c) Calculate APC,APS,MPC and MPS from the following data. (8 Marks)

Income (Rs. Crores)	5000	6000	7000	12000	16000
Consumption (Rs. Crores)	1500	2700	3200	6000	10000

- d) What is the meaning of investment. Explain the importance of investment in developing economy. (7 Marks)

**Q3) Attempt (A) and (B) Or (C) and (D)**

**(15 Marks)**

- a) Discuss the different concepts of money supply and its determinants. **(8 Marks)**
- b) What is inflation? What are the types of inflation on rate basis. **(7 Marks)**

**OR**

- c) Explain the term "demand for money" and its main determinants. **(8 Marks)**
- d) Explain the quantitative techniques of monetary policy. **(7 Marks)**

**Q4) Attempt (A) and (B) Or (C) and (D)**

**(15 Marks)**

- a) Explain the objectives of Fiscal Policy on Business? **(8 Marks)**
- b) Explain various types of disequilibrium in BOP. **(7 Marks)**

**OR**

- c) Discuss the significance of public expenditure in a developing economy. **(8 Marks)**
- d) Explain the structure of the union budget. **(7 Marks)**

**5) Write short notes on any three**

**(15 Marks)**

- a) Liquidity trap
- b) Revenue deficit
- c) Public debt
- d) Inflation
- e) MNCs

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