

Please check whether you have got the right question paper.

- N.B:
1. All questions are compulsory.
  2. Each question carries 20 marks.
  3. Draw neat diagram whenever necessary.
  4. Use of simple calculator is allowed.

Q.1 Attempt any two of the following:

- a) Explain the components of GDP?
- b) Country Z produces two goods A and B. The following table gives data regarding quantities of goods produced and their prices in the years 2009 and 2010.

Year	(in Kgs)		₹)	
	Quantity 'A'	Quantities 'B'	Price 'A'	Price 'B'
2010	10,000	25,000	57	12
2011	17,000	31,000	62	22
2012	19,000	30,000	60	25

Calculate

- i) GDP at current prices (nominal GDP in 2009 & 2010)
  - ii) GDP at constant prices (Real GDP for 2010)
  - iii) GDP growth at current and constant prices.
  - c) Explain the concept of Purchasing power parity. What are the difficulties involved in calculation of GDP in terms of purchasing power Parity?
- Q.2 Attempt any two of the following.
- a) What is Keynes' Psychological Law of Consumption? Explain the concepts of APC and MPC.
  - b) Explain the concept of the Multiplier. How does it work? If Government Investment is Rs. 10,000 and mpc is 0.7, find increase in total income, due to the multiplier effect.
  - c) Discuss trends in the saving Rate in India. Which sectors are the main contributors to Saving in India?

Q.3 Attempt any Two of the following:

- a) Explain the concept of tax incidence. Illustrate diagrammatically, incidence in case of a
  - i) Perfectly elastic demand
  - ii) Perfectly inelastic supply curve
- b) Distinguish between
  - i) Merit goods and public goods (give examples)
  - ii) Revenue and capital expenditures (give example)
- c) What is a subsidy? Explain the various types of subsidies in India.

Q.4 Attempt any Two of the following:-

- a) Explain the following concepts connected with the balance of Payments:
- i) Trade Account
  - ii) Current Account
  - iii) Capital Account

b) Explain equilibrium foreign exchange rate determination in a free market.

c) Explain the components of foreign exchange reserves?

Q.5 Attempt any two of the following:

a) Explain the circular flow of income in an open economy.

b) Explain the concept of the marginal efficiency of capital

c) Discuss the sources of Revenue of the central government

d) Discuss the types of disequilibrium in the Balance of payments.

Q.5 Attempt any two of the following

- a. Explain circular flow of income in an open economy
  - b. Write a note on consumption function.
  - c. Causes for rising public expenditure
  - d. Components of foreign exchange reserves.
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