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Duration: 2 ½ Hrs

C11410OBE-II

Marks: 75

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

**Q1. Answer any two:**

(15 M)

1. Analyze the circular flow of income in a three-sector economy.
2. Explain in detail Keynesians Consumption Function.
3. 'Investment is determined by Marginal Efficiency of Capital and the rate of interest'. Discuss.

**Q2. Answer any two:**

(15 M)

1. Explain the constituents of money supply.
2. Discuss the quantitative measures of credit control of monetary policy.
3. Briefly explain Cost – Push Inflation.

**Q3. Answer any two:**

(15 M)

1. Discuss the objectives of Fiscal Policy.
2. Describe the classification of public debt.
3. Explain the structure of Union Budget.

**Q4. Answer any two:**

(15 M)

1. What are the different types of foreign investment? State the benefits of FDI to the Host Country.
2. Examine the disadvantages of MNCs in developing nations.
3. What is foreign exchange market? Who are its participants?

**Q5. A. Conceptual Questions: (Any four out of Six)**

(8 M)

1. MNCs
2. Phases of Trade Cycle
3. Ricardian Theory
4. Balance of Payment
5. Fishers Equation of Exchange
6. Circular Flow of Income in an Open Economy

**Q5. B. Multiple Choice Questions: (Any Seven)**

(7 M)

1. According to Keynes, in order to increase employment we have to increase aggregate \_\_\_\_\_  
a. Output                      b. Supply                      c. Demand                      d. Investment
2. \_\_\_\_\_ first developed the Cambridge version of the quantity theory of money.  
a. J.S. Mill                      b. Adam Smith                      c. Alfred Marshall                      d. David Ricardo
3. At Peak \_\_\_\_\_  
a. Prosperity Begins                      b. Recessions End                      c. Prosperity Ends                      d. Depression Ends
4. Which of the following measurements indicate how national income is distributed?  
a. GNP                      b. GDP                      c. NNP                      d. Per Capita Income
5. Bank Rate is the Interest charged by the \_\_\_\_\_ Bank.  
a. Commercial                      b. Foreign                      c. Central                      d. Co-operative
6. \_\_\_\_\_ advocate the role of public expenditure.  
a. A Smith                      b. J.M. Keynes                      c. D. Ricardo                      d. A.C. Pigou
7. Loans taken from individuals and institutions within the country are known as \_\_\_\_\_ debt.  
a. Internal                      b. Personal                      c. External                      d. Corporate
8. The difference between fiscal deficit and interest payment during the year is called \_\_\_\_\_  
a. Budget Deficit                      b. Fiscal Deficit                      c. Revenue Deficit                      d. Primary Deficit
9. Which of the following is not included in the wholesale foreign exchange market?  
a. Tourist                      b. Central Bank                      c. Commercial banks                      d. The Price Takers
10. External borrowings is treated as \_\_\_\_\_ flow  
a. Autonomous                      b. Accommodative                      c. invisible                      d. Reserve

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