

(2 ½ Hours)

[Total Marks: 75]

- N.B : (1) All questions are compulsory.
(2) Figures to the right indicate full marks.
(3) Draw neat diagrams wherever necessary.

Q1. Answer any TWO:

(15)

- Discuss the circular flow of income and expenditure in three sector economy.
- Explain the features of trade cycle and discuss the characteristics of prosperity.
- What are the leakages of multiplier?

Q2. Answer any TWO:

(15)

- Discuss the Keynesian approach towards demand for money.
- Explain the cost push inflation with the help of suitable diagram.
- What are the indirect methods of credit control adopted by RBI?

Q3. Answer any TWO:

(15)

- Discuss the role of government in the provision of public goods.
- Explain the factors affecting the incidence of taxation.
- Discuss the structure of budget.

Q4. Answer any TWO:

(15)

- Discuss the argument for protection.
- Explain the role of Multinational Corporations.
- What are the merits and demerits of fixed exchange rate?

Q5. (a) Conceptual Questions: (Any four out of six)

(08)

- Effective demand.
- Velocity of circulation of money.
- Revenue deficit.
- Contra-cyclical fiscal policy.
- Gross barter terms of trade.
- Fundamental disequilibrium in balance of payments.

(b) Multiple choice questions: (any seven)

(07)

- The total money value of final goods and services produced within a year within domestic territory of the country annually is called as -----.
 - Gross Domestic Product
 - Gross National Product
 - Net National Product
 - Net Domestic Product.

2. Marginal Propensity to Consume is the ratio of -----

- a) Change in saving to change in income
- b) saving to income
- c) Consumption to income
- d) change in consumption to change in income

3. Fishers equation of exchange is

- a) $MV = PT$
- b) $M = KPY$
- c) $V = M/P$
- d) $P = M/KT$

4. Public expenditure is important for

- a) infrastructural development
- b) balanced regional development
- c) health facilities
- d) all the above

5. The difference between the fiscal deficit and interest payment is called as -----

- a) Budget deficit
- b) Primary deficit
- c) Revenue deficit
- d) Monetised deficit

6. FRBM Act was passed in the year -----

- a) 2004
- b) 2000
- c) 2003
- d) 2001

7. Net barter terms of trade is expressed as the ratio of -----

- a) Export price to import price
- b) quantity of imports to exports
- c) productivity index of export to import
- d) none of the above

8. Ricardian theory of international trade is beneficial under -----

- a) Comparative cost
- b) absolute cost
- c) equal differences in cost
- d) none of the above

9. According to the modern theory of international trade, trade takes place due to -----

- a) differences in factor endowments
- b) high inflation rate
- c) domestic exchange rate
- d) equal differences in cost.

10. Hedging operations helps the participants to -----

- a) purchase foreign exchange
- b) sell foreign exchange
- c) cover the risk
- d) to earn profit.
