

**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. What is the Trade Cycle? Explain the different Phases of Trade Cycle.
2. Analyze the circular flow of income and expenditure in an Open Economy
3. What is Effective Demand? Show that it is determined by aggregate Demand Curve.

**Q2. Answer any two: (15 M)**

1. Explain the Keynesians Approach Demand for money.
2. What is Inflation? Explain the Demand-Pull Inflation.
3. Critically evaluate Fisher's Equation of Exchange.

**Q3. Answer any two: (15 M)**

1. Outlines the significance of public expenditure in terms of its effect in economy.
2. What are the various canons of taxation?
3. Explain the burden of internal debt.

**Q4. Answer any two: (15 M)**

1. Examine the Ricardian Theory of comparative difference in cost.
2. Explain the concept and structure of balance of payment.
3. Examine the advantages of MNCs in developing countries.

**Q5. A. Conceptual Questions: (Any four out of Six) (8 M)**

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| 1. Constituents of Money Supply              | 4. Structure of Union Budget                 |
| 2. Quantitative techniques of credit control | 5. Foreign Direct Investment                 |
| 3. Marginal Efficiency of Capital (MEC)      | 6. Circular flow of income in a three-sector |

**Q5. B. Multiple Choice Questions: (Any Seven) (7 M)**

1. Demand for transaction and precautionary motive is interest \_\_\_\_\_  
 a. Elastic                                      b. Unit Elastic                                      c. Neutral                                      d. Inelastic
2. Keynes Consumption function helps to invalidate  
 a. Fisher's Equation                                      b. Say's Law                                      c. Keynes' Theory                                      d. Employment
3. In a circular flow economy, firms supply \_\_\_\_\_  
 a. Land                                      b. Labor                                      c. Goods & Services                                      d. Capital
4. Which of the following represent Fisher's Equation?  
 a.  $M=kPY$                                       b.  $V-M/P$                                       c.  $MV=PT$                                       d.  $P=M/kT$
5. In a three sector economy, we do not include income expenditure of \_\_\_\_\_  
 a. Government                                      b. Household                                      c. Firms                                      d. External Sector
6. The difference between revenue expenditure and revenue receipts is \_\_\_\_\_  
 a. Budget Deficit                                      b. Fiscal Deficit                                      c. Revenue Deficit                                      d. Primary Deficit
7. Ricardian Theory measures comparative cost in terms of \_\_\_\_\_  
 a. Labor hours                                      b. money                                      c. cost of land                                      d. cost of all inputs
8. Foreign Direct Investment is included in \_\_\_\_\_ Account.  
 a. Trade                                      b. Capital                                      c. Current                                      d. Foreign Exchange
9. Fixed exchange rate system was \_\_\_\_\_  
 a. Less stable                                      b. unstable                                      c. more stable                                      d. highly volatile
10. Under IMF the exchange rate system was  
 a. Dollarization                                      c. Gold Exchange Standards  
 b. Currency board system                                      d. flexible exchange rate

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