

SyBcom - 345.

ECO

Q.P. Code : 22083

[Time: 3 Hours]

[Total Marks: 100]

NB:

1. All questions are compulsory.
2. All questions carry equal marks.
3. Use of simple calculator is allowed.
4. Draw neat diagrams wherever necessary.

Q.1 a. Explain the following concepts (Any FIVE)

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|--------------------------------|------------------------------------|
| i. Gross Domestic Product | ii. Prosperity |
| iii. Aggregate Demand Function | iv. Marginal Efficiency of Capital |
| v. IS curve | vi. Phillips Curve |
| vii. Income Velocity | viii. Inflation targeting |

b. Choose the right answer from the given options and rewrite the statements

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- i. ----- is a leakage from circular flow of aggregate income and expenditure.
 - a. Exports
 - b. Tax
 - c. investments
 - d. Public expenditure
- ii. Green Gross Domestic product is an index of:
 - a. Loss of biodiversity
 - b. Cost of climate change
 - c. Environmental costs of economic activities
 - d. all the above
- iii. Says' Law of market states that:
 - a. Demand creates its own supply
 - b. Supply creates its own demand
 - c. Demand is greater than supply
 - d. Supply is greater than demand
- iv. When Income equals consumption, savings will be -----
 - a. Positive
 - b. Negative
 - c. Zero
 - d. Infinity
- v. After reaching full employment, the aggregate supply curve becomes-----
 - a. Horizontal Straight Line
 - b. Vertical straight line
 - c. Upward sloping
 - d. Downward sloping
- vi. The LM curve indicates ----- equilibrium
 - a. Money market
 - b. Goods market
 - c. Foreign market
 - d. Labour market
- vii. Supply side economics aims at increasing government revenue by-----
 - a. Reducing taxes
 - b. Increasing taxes
 - c. Reducing prices
 - d. Increasing prices.
- viii. During inflation, ----- gain
 - a. Debtors
 - b. Creditors
 - c. Fixed income earners
 - d. Poor
- ix. Cost push inflation is also known as -----
 - a. Wage push inflation
 - b. Spiral inflation
 - c. Supply side inflation
 - d. All the above
- x. During inflation, RBI ----- Bank Rate and Cash Reserve Ratio.
 - a. Increases
 - b. Reduces
 - c. Does not change
 - d. None of the Above

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- Q.2. Answer any two of the following: 20
- a. Explain with the help of flowchart, the circular flow of aggregate income and expenditure in a closed economy.
 - b. Define trade cycles and explain its phases with a help of a diagram.
 - c. Examine the features and criticisms of Says law of market.

- Q.3. Answer any two of the following: 20
- a. 'The Starting point of Keynes' theory of employment is the Principle of Effective Demand' – Explain.
 - b. Define consumption function and explain the subjective and objective factors affecting consumption.
 - c. Given investment to be Rs. 100 crores and MPC 0.5, explain the working of investment multiplier.

- Q.4. Answer any two of the following: 20
- a. How do you derive LM curve? Explain the impact of shift in LM curve.
 - b. Write a note on Stagflation.
 - c. Explain the basic prepositions of supply side economics.

- Q.5. Answer any two of the following: 20
- a. Explain the determinants of money supply.
 - b. Describe Fisher's equation of exchange.
 - c. Explain with the help of suitable diagram the demand pull and cost push inflation.
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