

- Note:- A) All the questions are compulsory.  
 B) Each question carries equal marks.  
 C) Figures (Diagrams /Charts) indicate full marks.

**Q.1 a) Explain the following concepts. (Any 5) 10 M**

1. Macroeconomics
2. National Income
3. Trade Cycle
4. Full Employment
5. Effective Demand
6. Investment
7. Goods Market
8. Inflation

**Q.1.b) Choose the right answer from the given options and rewrite the statements. 10 M**

1. \_\_\_\_\_ Economy deals with the rest of the world.  
 a) Closed      b) Open      c) Developed      d) Underdeveloped
2. \_\_\_\_\_ is the total money value of final goods and services product within the domestic territory of the country during a given year.  
 a) GDP      b) GNI      c) NNI      d) NNP
3. In \_\_\_\_\_ phase the economy registers on upward trend in output income & employment.  
 a) Recovery      b) Depression      c) Prosperity      d) Recession
4. During recession public expenditure should \_\_\_\_\_.  
 a) Constant      b) decrease      c) Increase      d) None of the above
5. According to \_\_\_\_\_ wages are non-flexible down words?  
 a) Keynes      b) Pigou      c) Say      d) Other
6. According to Keynes in order to increase employment we have to increase aggregate \_\_\_\_\_.  
 a) demand      b) supply      c) output      d) Investment
7. \_\_\_\_\_ is a leakage from circular flow of aggregate income & expenditure.  
 a) Exports      b) Tax      c) Investments      d) Public Expenditure
8. Inflation is beneficial to \_\_\_\_\_.  
 a) Creditors      b) debtors      c) Business People      d) fixed income group
9. The inverse of price level measures \_\_\_\_\_.  
 a) inflation      b) value of money      c) Deflation      d) Multiplier
10. Slope of IS curve is \_\_\_\_\_.  
 a) Negative Slope      b) Positive Slope      c) Direct Slope      d) Indirect Slope

**Q.2. Answer any two of the following. 20 M**

- a. Discuss the scope of macroeconomics.
- b. Explain the concepts of circular flow of income and expenditure in a closed economy.
- c. Discuss the importance of National Income analysis.

- Q.3. Answer any two of the following. 20 M**
- a. Explain factors affecting consumption functions.
  - b. What do you mean by investment? Explain the determinants of investment?
  - c. What is multiplier? Explain various leakages of investment multiplier?
- Q.4. Answer any two of the following. 20 M**
- a. Explain the term 'Goods Market' and explain how IS curve is derived.
  - b. Explain Philips Curve in short run & long run?
  - c. What is stagflation and what are its causes and consequences?
- Q.5. Answer any two of the following: 20 M**
- a. Explain the concept money supply. Explain components of money supply.
  - b. Explain the Keynesian approach to demand for money.
  - c. Explain Neo-Classical approach of demand for money?
- \*\*\*\*\*Economics is about creating win-win situations\*\*\*\*\***