

(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.
