

Time: 3 hours

[Marks: 100]

Note:

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

**Q.1 (A) Explain the following concepts. (Any Five)**

(10)

1. Phillips curve
2. Liquidity trap
3. Trade cycle
4. Gross domestic product
5. Inflation
6. Cost push inflation:
7. Stagflation
8. Open economy and closed economy

**(B) Choose the right answer from the given options and rewrite the statements.**

(10)

1. Which of the following subjective factors represents people's desire to enjoy a higher income in future?

- |                         |                          |
|-------------------------|--------------------------|
| a) Motive of enterprise | b) Motive of calculation |
| c) Motive of precaution | d) Motive of avarice     |

2. During inflation, RBI \_\_\_\_\_ Bank rate.

- |                    |                     |
|--------------------|---------------------|
| a) Increase        | b) Reduce           |
| c) Does not change | d) All of the above |

3. When Income equals consumption, Investment will be \_\_\_\_\_

- |             |             |         |             |
|-------------|-------------|---------|-------------|
| a) Positive | b) Negative | c) Zero | d) Infinity |
|-------------|-------------|---------|-------------|

4. When Income equals consumption, saving will be \_\_\_\_\_

- |             |             |         |             |
|-------------|-------------|---------|-------------|
| a) Positive | b) Negative | c) Zero | d) Infinity |
|-------------|-------------|---------|-------------|

5. Money supply will increase when there is \_\_\_\_\_.

- |                            |                            |
|----------------------------|----------------------------|
| a) Increase in CRR and SLR | b) Decrease in CRR and SLR |
| c) A surplus budget        | d) Rise in public debt.    |

6. Demand for transition motive and precautionary motive mainly depends upon \_\_\_\_\_.

- a) Level of income  
b) Rate of interest  
c) Investment  
d) Tax rate

7. Stagflation arises due to\_\_\_\_\_.

- a) Rise in the price of crude oil  
b) Rise in cost of production  
c) Provision of more subsidies  
d) Reduction in taxes

8. Macro Economics is not concerned with \_\_\_\_\_.

- a) National income accounting  
b) International trade  
c) Inflation  
d) Equilibrium of an Individual firm

9.Green Gross Domestic Product is an index of\_\_\_\_\_.

- a) Loss of diversity  
b) Cost of climate change  
c) Environmental costs of economic activities  
d) All of the above

10. Cost push inflation is also known as \_\_\_\_\_

- a) Wage push inflation  
b) Spiral inflation  
c) Supply side inflation  
d) All of the above

**Q2) Answer any two of the following:** (20)

- What is macroeconomics? Discuss the scope of macroeconomics.
- Elaborate the phases of a trade cycle with a suitable diagram.
- Explain the four sector circular flow of income.

**Q3) Answer any two of the following: (20)**

- Explain the features of consumption function.
- Explain the effective demand function.
- Discuss the liquidity trap in Liquidity preference theory of interest with suitable diagram?

**Q4) Answer any two of the following: (20)**

- Explain the IS-LM curve with suitable diagram.
- What is meant by stagflation? Explain the measures to control stagflation.
- Discuss the Multiplier theory in brief.

**Q5) Answer any two of the following:** (20)

- Explain high powered money in brief?
- Explain the Demand pull inflation?
- Explain the Cost push inflation.

Year	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
1990	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000