

Time: 2½ hrs.

- Note:
1. All questions are compulsory with internal options.
  2. Figures to the right indicate full marks.
  3. Draw neat diagram wherever necessary.

**Q. 1 (A) Fill in the blanks with the correct answer from the alternatives given below. (Attempt any 8) (08)**

- (1) The following is not a subject matter of macroeconomics.
  - a) National income accounting
  - b) Law of demand and supply
  - c) Business cycle
  - d) General price level
- (2) Which of the following type of economy deals with the rest of the world?
  - a) Closed
  - b) Open
  - c) Only developing
  - d) Only developed
- (3) Traditional measure of money supply includes \_\_\_\_\_.
  - a) Demand deposit and time deposits
  - b) Currency and time deposits
  - c) Currency and demand deposits
  - d) Currency and loans given by non-bank financial institution
- (4) Inflation is beneficial to \_\_\_\_\_.
  - a) Fixed income group
  - b) Business people
  - c) Creditors
  - d) Commercial banks
- (5) The free rider problem leads to \_\_\_\_\_.
  - a) Market success
  - b) Invisibility of the market
  - c) Market failure
  - d) Public welfare
- (6) According to Fisher's Equation of Quantity Theory of Money \_\_\_\_\_.
  - a)  $MV=PT$
  - b)  $MV=PV$
  - c)  $MT=PV$
  - d)  $MP=VT$
- (7) Impact and incidence of a tax is on the same person in the case of \_\_\_\_\_.
  - a) direct tax
  - b) indirect tax
  - c) forward shifting
  - d) backward shifting
- (8) FRBM Act was passed in which year \_\_\_\_\_.
  - a) 2000
  - b) 2001
  - c) 2002
  - d) 2003
- (9) Social security contributions are \_\_\_\_\_ paid to the government that confer a future social benefit.
  - a) compulsory payments
  - b) voluntary payments
  - c) optional payments
  - d) discretionary payments
- (10) Protection is provided through \_\_\_\_\_.
  - a) tariffs
  - b) domestic taxes
  - c) restriction on production
  - d) restriction on domestic investment

**(B) State whether the following statements are true or false. (Attempt any 7) (07)**

- (1) The basis of Keynesian theory is that market can fail.
- (2)  $GDP+C+I+G = GGDP$ .
- (3) According to Keynes, interest is price for hoarding money.
- (4) Bank rate is the interest charged by cooperative banks.
- (5) Private goods are non-rival.
- (6) Pension is part of India's social security scheme.
- (7) FRBM Act has 7 major objectives.
- (8) According to H-O theory international trade takes place due to difference in product prices.
- (9) Foreign direct investment refers to loans from IMF.
- (10) Foreign exchange rate refers to rate of exchange between two countries.

- Q.2 (A) Elaborate on scope of macroeconomic in detail. (08)  
 (B) Explain the three-sector economy with diagrammatic representation. (07)  
**OR**
- Q.2 (C) Explain the concept of consumption function and bring out the various factor affecting them. (15)
- Q.3 (A) Explain the Keynesian approach demand for money in detail. (08)  
 (B) Explain Fisher's Equation of exchange in detail. (07)  
**OR**
- Q.3 (C) What are the instruments of monetary policy? (15)
- Q.4 (A) Explain the objectives of Fiscal policy. (08)  
 (B) Explain the canons of taxation in detail. (07)  
**OR**
- Q.4 (C) Explain the types of public debt. (15)
- Q.5 (A) Discuss the arguments for free trade. (08)  
 (B) Explain Ricardian theory of comparative cost. (07)  
**OR**
- Q.5 **Write short notes on (Attempt any 3)** (15)
- (1) Concepts of national income
  - (2) Marginal efficiency of capital
  - (3) Demand pull inflation
  - (4) Advantages of MNCs
  - (5) Disequilibrium in Balance of Payment

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