

Time: 2½ hrs.

Marks: 75

- 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) Which branch of macroeconomics specifically focuses on the problem of developing economies?
 - a. Development economics
 - b. Public finance
 - c. Monetary economics
 - d. Trade cycle theory
- (2) What is the total money value of final goods and services produced within the domestic territory of the country during the given year?
 - a. GDP
 - b. GNI
 - c. NNI
 - d. NDP
- (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) Demand for transactional and precautionary motives is interest _____.
 - a. Elastic
 - b. Inelastic
 - c. Unit elastic
 - d. Neutral
- (5) Inflation is beneficial to _____.
 - a. Fixed income group
 - b. Business people
 - c. Creditors
 - d. Commercial banks
- (6) Monetary policy aims at influencing _____.
 - a. Availability of money
 - b. Cost of money
 - c. Use of money
 - d. All of the above
- (7) The free rider problem leads to _____.
 - a. Market success
 - b. Invisibility of the market
 - c. Market failure
 - d. Public welfare
- (8) 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

- (9) Terms of trade are favourable, if the current index in comparison to the base year index is _____.
 a. Less
 b. More
 c. equal
 d. same

- (10) External borrowing is treated as _____.
 a. accommodative flow
 b. autonomous flow
 c. invisible flow
 d. reserve flow

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

- (1) In circular flow economy, firms supply labour.
- (2) At trough economic activities are at lowest level.
- (3) Cambridge 'k' represents money supply.
- (4) In cost push inflation, the supply curve shifts to left.
- (5) Bank rate is the interest charged by cooperative banks.
- (6) Private goods are non-rival.
- (7) Pension is part of India's social security scheme.
- (8) FRBM Act has 7 major objectives.
- (9) Gross barter terms of trade takes into account only services.
- (10) Foreign exchange rate refers to rate of exchange between two countries.

Q.2 A). Elaborate on subject matter of Macro- Economic in detail. (07)

B). Describe the phases of Trade cycle in detail (08)
 OR

Q.2 A). What is effective demand? Show that by explaining Aggregate demand and Aggregate supply curves. (15)

Q.3 A). What are the objectives of monetary policy? (07)

B). Define Inflation and explain the causes of inflation (08)
 OR

Q.3 A). Explain the Keynesian approach demand for money in detail. (15)

Q.4 A). Explain the significance of Public Expenditure. (07)

B). Explain the objectives of Fiscal policy. (08)
 OR

Q.4 A). Explain the canons of taxation in detail. (15)

Q.5 A). Discuss the arguments for protection policy (07)

B). Explain the causes of disequilibrium in balance of payment. (08)
 OR

Q.5 Write short notes on (Attempt any 3) (15)

- (1) Objective factors affection consumption function.
- (2) Velocity of circulation of money.
- (3) Types of public debt.
- (4) Arguments in favour of free trade
- (5) Disadvantages of flexible exchange rate system.