

Date: 07.10.2019

Time : (2 ½ Hours)

Total Marks: 75

- N.B. (1) All questions are compulsory.
(2) Figures to the right indicate marks for respective sub questions.
(3) Symbols used have their usual meaning

Q.1) (A) Multiple choice question.(ANY 8) (8)

- (1) Macroeconomics deals with _____
a) Individual c) Industry
b) Whole economy d) Modern economy
- (2) The theory of multiplier given by _____ is known as investment multiplier.
a) J.M. Keynes c) R.F Khan
b) Adam Smith d) Irving Fisher
- (3) Net Factor income from abroad is _____ in GNP.
a) Excluded c) Included
b) Exempted d) Lesser
- (4) The current exchange rate system in India is called _____.
a) Fixed system c) Flexible system
b) Managed float system d) Independent floating
- (5) Inflation target fixed by RBI at present rate is _____.
a) 4% c) 8%
b) 6% d) 5%
- (6) Comparative cost advantages theory was formulated by _____.
a) Ohlin c) Hecksher
b) Ricardo d) Marshall
- (7) The size of multiplier depends upon _____.
a) APC c) MPC
b) APS d) MPS
- (8) Public debts is mobilized during _____.
a) Inflation c) Deflation
b) Sound finance d) Stagflation
- (9) Service tax is an example of _____.
a) Direct tax c) Indirect tax
b) Shifted tax d) Public Dept
- (10) _____ is the ratio of export price to import price.
a) NBTT c) GBTT
b) Income terms of trade d) Single factoral TT

(B) State whether the following statements are TRUE or FALSE. (ANY 7) (7)

- (1) Subsidies increase the circular flow of income.
(2) Trade cycles are recurrent in nature.
(3) Bottlenecks on the supply side alone leads to inflation
(4) War expenditure is productive in nature.
(5) A mild inflation is good for the economy.
(6) The government of India always has a surplus budget.
(7) Progressive and regressive system of taxation are one and the same.
(8) Fiscal policy is formulated by the central bank.
(9) Demand for active cash balances depends upon the level of income.
(10) The value of MPC always varies between zero and one.

- Q.2) Answer the following question (15)
- (a) Explain the circulars flow of income in a three sector model.
 - (b) Distinguish between classicism and Keynesianism.

OR

- (c) Define multiplier. Explain the working of multiplier with a suitable examples and diagram.
- (d) What are the factors of determining consumption function.

- Q.3 Answer the following question. (15)
- (a) Define velocity of circulation of money. What factors influence it?
 - (b) Explain the speculative demand for money.

OR

- (c) What are the various determinants of money supply ?
- (d) Define types of inflation on the basis of rate of inflation.

- Q.4 Answer the following question. (15)
- (a) Explain features of FRBM ACT 2003 .
 - (b) Define Fiscal policy. what are its instruments?

OR

- (c) Examine the various sources of public revenue.
- (d) What are the causes for the public expenditures?

- Q.5 Answer the following question. (15)
- (a) Distinguish between FDI and Portfolio investment.
 - (b) Define foreign exchange market. What are its main functions?

OR

Short Notes (Any 3)

- (1) Trade cycle
- (2) Demand pull Inflation
- (3) Protectionism
- (4) Foreign exchange market
- (5) Canons of public expenditure
