



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. Circular flow of income
2. Prosperity
3. Aggregate Demand function
4. Marginal propensity to consume
5. IS curve
6. Phillip's curve
7. Precautionary motive
8. Liquidity trap

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

(10)

1. Demand for transactionary motive and precautionary motive mainly depends upon _____.
a) Level of income b) Rate of interest
c) Investment d) Tax rate
2. 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
3. During inflation, RBI _____ Bank rate.
a) Increase b) Reduce
c) Does not change d) All of the above
4. When Income equals consumption, investment will be _____.
a) Positive b) Negative c) Zero d) Infinity
4. The LM curve indicates _____ equilibrium.
a) Money market b) Good market
c) Foreign market d) Local market
5. 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

6. 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
7. 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.
8. Macro Economics is not concerned with _____.
- a) National income accounting
 - b) International trade
 - c) Inflation
 - d) Equilibrium of an Individual firm
9. Cost push inflation is also known as _____.
- a) Wage push inflation
 - b) Spiral inflation
 - c) Supply side inflation
 - d) All of the above
10. When Income equals consumption, saving will be _____.
- a) Positive
 - b) Negative
 - c) Zero
 - d) Infinity

Q2) Answer any two of the following:

(20)

- a) Define macroeconomics. Explain the scope or subject matter of macroeconomics.
- b) Explain the phases of a trade cycle with a suitable diagram.
- c) Explain the Four sector circular flow of income, with suitable diagram.

Q3) Answer any two of the following:

(20)

- a) Explain the factors of consumption function.
- b) Explain the determination of effective demand.
- c) Discuss Liquidity preference theory of interest with suitable diagram.

Q4) Answer any two of the following:

(20)

- a) Explain the equilibrium of IS-LM model.
- b) Define stagflation. What are the measures to control stagflation?
- c) Discuss the Multiplier in brief.

Q5) Answer any two of the following:

(20)

- a) What is meant by high powered money?
- b) What are the causes of inflation?
- c) Explain the ways to control inflation.


