

- 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) Terms of trade are favourable, if the current index in comparison to the base year index is.....

(a) Less	(b) More
(c) Same	(d) None of the above
- (2) FRBM Act has major objectives.

(a) 7	(b) 5
(c) 4	(d) 3
- (3) Debt mobilised from external sources is called..... debt.

(a) Internal	(b) External
(c) Private	(d) Public
- (4) Devaluation results in

(a) Cheaper exports	(b) Cheaper imports
(c) Increase in domestic prices	(d) Fall in exports
- (5) Which of the following represents Fisher's equation?

(a) $MV=PT$	(b) $M=Kpy$
(c) $V=M/P$	(d) $P= M/ Kt$
- (6) Demand for speculation motive is referred to as demand for _____.

(a) Active cash balance	(b) Idle cash balance
(c) Both active and idle cash balance	(d) Cash flow
- (7) The total supply of currency and demand deposit in a given period is rs 5,000 cr and the transaction conducted are of rs 1,00,000 cr the transaction velocity is

(a) 20	(b) 40
(c) 10	(d) 30
- (8) GNI Deflator = _____

(a) $\text{Real GNI} / \text{Nominal GNI} \times 100$	(b) $\text{Nominal GDP} / \text{Real GDP} \times 100$
(c) $\text{Nominal GNI} / \text{Real GNI} \times 100$	(d) $\text{Real GDP} / \text{Nominal GDP} \times 100$
- (9) The difference between revenue expenditure and revenue receipts is

(a) Revenue Deficit	(b) Fiscal Deficit
(c) Budget Deficit	(d) Primary Deficit
- (10) MNC's may

(a) Create environmental problem	(b) secure monopoly power
(c) Exploit the host economy for their benefit	(d) All of the above

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

- (1) Foreign capital helps us to promote economic development
- (2) Saving is injection in circular flow of income model.
- (3) Inflation is a state in which the value of money is falling
- (4) In an Closed economy, $GDP=C+I+G+(X-M)$.
- (5) Hedgers enter into forward exchange market to cover the risk.
- (6) Keynes multiplier is a dynamic concept.
- (7) MEC curve is downward slopping.
- (8) Bank rate is the interest charged by the central bank.

- (9) Fiscal policy is the use of government spending and taxation to influence the economy.
- (10) During inflation business are in beneficial position.
- Q.2 (A) Explain the three sector Economy with diagrammatic representation. (08)
 (B) Elaborate on Subject matter of Macro- Economic in detail. (07)
 OR
- Q.2 (C) What is effective demand? Show that by explaining Aggregate demand and Aggregate supply curves. (08)
 (D) Write down all the factors affecting Consumption functions. (07)
- Q.3 (A) Explain the Keynesian approach demand for money in detail. (08)
 (B) Explain Classical cash transactions approach to quantity theory of money. (07)
 OR
- Q.3 (C) Explain demand- pull and Cost-push inflation in detail. (15)
- Q.4 (A) Discuss the objectives of fiscal policy (08)
 (B) Explain the principles of sound finance. (07)
 OR
- Q.4 (C) Explain the canon of taxation in detail. (08)
 (D) State the major objectives of the FRBM Act, 2003 (07)
- Q.5 (A) Discuss the arguments for free trade. (08)
 (B) Evaluate Ricardian theory of comparative cost. (07)
 OR
- Q.5 Write short notes on (Attempt any 3) (15)
- (1) Phases of trade cycle.
 - (2) Marginal efficiency of capital.
 - (3) Types of disequilibrium in balance of payment
 - (4) Public Goods.
 - (5) Foreign Direct Investment (FDI).