

Economics-II [MACROECONOMICS]

A.Y :2019-2020

Dt:- 23.1.20

S.Y.BAF: SEM III

Duration: 2 ½ hours

Marks: 75

N.B: 1. All questions are **compulsory**.

2. **Figures** to the right indicate **full marks**.

3. Draw **neat diagrams** wherever necessary.

**Q1. Answer any two:** **15**

- (a) Analyse the circular flow of income and expenditure in a closed economy.
- (b) Bring out the relationship between national income and economic welfare.
- (c) Explain the importance of Macroeconomics.

**Q2. Answer any two:** **15**

- (a) Explain the concept and working of the multiplier.
- (b) Explain the effects of inflation.
- (c) Explain the Keynesian approaches to demand for money.

**Q3. Answer any two:** **15**

- (a) What are Lerner's rules for government activity and responsibilities?
- (b) Discuss the objectives of fiscal policy.
- (c) Discuss the limitations of the FRBM Act, 2003.

**Q4. Answer any two:** **15**

- (a) Evaluate Ricardian Theory of comparative cost.
- (b) Explain the concept of equilibrium in balance of payments. What causes the disequilibrium in the balance of payments?
- (c) State the advantages of MNCs in developing countries.

**Q5. (A) Conceptual Questions: (Any four out of Six)** **08**

- (1) Devaluation
- (2) Forward exchange rate
- (3) GDP
- (4) Trough
- (5) Money Supply



(6) National Income



**Q5. (B) Multiple Choice Questions : (Any Seven)**

07

1. Free trade leads to \_\_\_\_\_
  - (a) Increase in price
  - (b) Better standard of living
  - (c) Decline in standard of living
2. Protection is provided through \_\_\_\_\_
  - (a) Tariffs
  - (b) Domestic taxes
  - (c) Restriction on production
3. Domestic industries can be diversified through \_\_\_\_\_
  - (a) Free trade
  - (b) Protection
  - (c) Increase in investment
4. External debt implies borrowing from \_\_\_\_\_
  - (a) Individuals
  - (b) Firms
  - (c) Foreign countries
  - (d) None of the above
5. Cambridge 'k' represents \_\_\_\_\_
  - (a) Velocity of circulation of money
  - (b) Money supply
  - (c) Average price
  - (d) A proportion of real income held as cash balances.
6. In Fisher's equation, which of the following is exogenously determined? \_\_\_\_\_
  - (a) P
  - (b) T
  - (c) V
  - (d) M
7. The inverse of price level measures \_\_\_\_\_
  - (a) Inflation
  - (b) Value of money
  - (c) Deflation
  - (d) Multiplier
8. Ricardian theory measures comparative cost in terms of \_\_\_\_\_
  - (a) Money
  - (b) Labour hours
  - (c) Cost of all the inputs
9. H-O theory can explain \_\_\_\_\_
  - (a) Inter-regional trade
  - (b) International trade
  - (c) Both (a) and (b)



10. Portfolio investment is the investment in \_\_\_\_\_

- (a) Fixed capital of a company
- (b) Financial instruments
- (c) Stock of goods in foreign country.

\*\*\*THE END\*\*\*