



Note: 1. Attempt all questions.

2. Draw the diagrams wherever applicable.

Q.1 A. Solve the correct option from the multiple Choices. (Any 08)

(08)

1. The MPC is counterpart of

a. APC b. APS c. MPS d. None

2. According to Keynes, inflation is

a. price paid for saving b. price paid for investment c. price paid for parting with liquidity d. none

3. The inverse of price level is

a. value of money b. quantity of money c. coins d. currency

4. Which of the following schools of thought in macroeconomics focus on the role of the money supply?

a. Development economics b. Classical c. Monetarism d. Keynesian

5. Which measurement indicate how National income is distributed?

1. PCI 2. NNP 3. GNP 4. GDP

6. Vehicle currency is

a. standard international currency b. Special currency c. domestic currency

e. Currency issued by RBI

7. According to Keynes, inflation is

a. price paid for saving b. price paid for investment c. price paid for parting with liquidity d. none

8. The inverse of price level is

a. value of money b. quantity of money c. coins d. currency

9. Under IMF exchange rate system was

a. gold standard b. currency standard c. silver standard e. copper standard

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a. gold standard b. currency standard c. silver standard e. copper standard

Q.1 B State whether the statement is True or False. (Any 07)

(07)

1. Open economy is the one in which there are no exports and import

2. Introduction of income into circular flow is known as injection.

3. National income is a flow concept.

4. PCI and PDI are one and the same

5. To get the gross domestic product at market prices, we must express GDP in terms of market prices which include indirect taxes. At the same time, we must exclude subsidies.



6. To get the net national product at market prices, we must not deduct the capital consumption.
7. Autonomous investments are done by private sector
8. Induced investments are profit oriented.
9. During recession, Repo rate is increased.
10. Price stability is one of the important objectives of monetary policy.

Q.2

1. What is macroeconomics. Explain the scope of macroeconomics. (07)
2. What is circular flow of income? Draw the model of closed economy (two sectors). (08)

OR

3. What is trade cycle? Explain the features of trade cycle. (15)

Q.3

1. What is money supply? What are the constituents of money supply? (07)
2. What is velocity of circulation of money? What are the factors influencing velocity of circulation of money? (08)

OR

3. What is monetary policy? What are the objectives of monetary policy? (15)

Q.4

1. Explain the principle of sound finance. (07)
2. Explain canons of taxation. (08)

OR

3. Discuss the causes for rising public expenditure. (15)

Q.5

1. What is terms of Trade? What are the factors of determining terms of trade? (07)
2. Write a note on FDI. (08)

OR

- Q.5 Explain the following concepts. (Any 03) (15)

1. Diagram of the phases of trade cycle.
2. Velocity of circulation of money.
3. Role of MNC
4. Functional finance
5. Protection policy