

Busi. Eco.  
27.4.18

Q. P. Code: 35410

(2 ½ Hours)

[Total Marks: 75]

N.B : (1) All questions are **compulsory**.(2) **Figures** to the right indicate **full marks**.(3) Draw **neat diagrams** wherever necessary.

Q1. (A) State whether following statements are true or false. (Any Eight) 8

1. Introduction of income into circular flow is known as injection.
2. NNP at factor cost is same as national income.
3. Demand-pull inflation arises due to excess demand over supply.
4. Price stability is one of the important objective of monetary policy.
5. Fiscal Responsibility Budget Management Act aims at maintaining the financial discipline.
6. The balanced budget principle was considered as a principle of sound finance.
7. Free trade policy leads to expansion of trade.
8. Arbitrage takes place because of differences in the exchange rate at different places.
9. Fixed exchange rate does not permit independent internal policies.
10. Foreign investment enters developing nations through FDI and portfolio investments.

B) Match the following pairs - (Any seven) 07

Group 'A'		Group 'B'	
1.	Green GNP	a.	Consumer credit Regulation
2.	Consumption function	b.	Balanced budget
3.	Fisher equation of exchange	c.	Fiscal deficit minus rate of interest payments
4.	Qualitative Technique of credit control	d.	Modern theory of international trade
5.	Sound Finance	e.	Protection policy
6.	Primary deficit	f.	MV=PT
7.	Hecksher-Ohlin	g.	Measures environmental effects
8.	Diversification of industries	h.	Hedging
9.	Foreign exchange market	i.	$C = f(y)$
10.	Flexible exchange rate	j.	Determined by market forces

- Q2. A) What is the significance of aggregative-economics. 8  
B) Discuss the circular flow of income in the open economy. 7

OR

- C) Explain the phases of the trade cycle. 8  
D) Describe the leakages in multiplier process? 7

- Q3.A) Explain the factors affecting money supply. 8  
B) Discuss the Cambridge Cash Balance approach to the quantity theory of money. 7

OR

- C) Define monetary policy. Discuss the quantitative instruments of credit control. 8  
D) Discuss the Keynes motives towards demand for money. 7

- Q4. A) Define fiscal policy and discuss the objectives of fiscal policy. 8  
B) Explain the canons of taxation. 7

OR

- C) What are the various types of public debt? 8  
D) Explain the factors influencing the incidence of taxation. 7

- Q5. A) What are the factors affecting terms of trade? 8  
B) Critically evaluate the Comparative cost advantage theory of international trade. 7

OR

- Q.5) Write short notes on the following- (Any three) 15

1. Aggregate Supply function.
2. Cost-push inflation.
3. Functional finance.
4. Benefits of Multinational Corporations.
5. Spot and forward exchange rate.

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