

Q.P.Code : 22083

[Time: 3 Hours]

[Total Marks: 100]

NB:

1. All questions are compulsory.
2. All questions carry equal marks.
3. Use of simple calculator is allowed.
4. Draw neat diagrams wherever necessary.

- Q.1 a. Explain the following concepts (Any FIVE) 10
- |                                |                                    |
|--------------------------------|------------------------------------|
| i. Gross Domestic Product      | ii. Prosperity                     |
| iii. Aggregate Demand Function | iv. Marginal Efficiency of Capital |
| v. IS curve                    | vi. Phillips Curve                 |
| vii. Income Velocity           | viii. Inflation targeting          |
- b. Choose the right answer from the given options and rewrite the statements 10
- i. ----- is a leakage from circular flow of aggregate income and expenditure.
 

a. Exports	b. Tax
c. investments	d. Public expenditure
  - ii. Green Gross Domestic product is an index of:
 

a. Loss of biodiversity	b. Cost of climate change
c. Environmental costs of economic activities	d. all the above
  - iii. Says' Law of market states that:
 

a. Demand creates its own supply	b. Supply creates its own demand
c. Demand is greater than supply	d. Supply is greater than demand
  - iv. When Income equals consumption, savings will be -----
 

a. Positive	b. Negative
c. Zero	d. Infinity
  - v. After reaching full employment, the aggregate supply curve becomes-----
 

a. Horizontal Straight Line	b. Vertical straight line
c. Upward sloping	d. Downward sloping
  - vi. The LM curve indicates ----- equilibrium
 

a. Money market	c. Goods market
c. Foreign market	d. Labour market
  - vii. Supply side economics aims at increasing government revenue by-----
 

a. Reducing taxes	b. Increasing taxes
c. Reducing prices	d. Increasing prices.
  - viii. During inflation, ----- gain
 

a. Debtors	b. Creditors
c. Fixed income earners	d. Poor
  - ix. Cost push inflation is also known as -----
 

a. Wage push inflation	b. Spiral inflation
c. Supply side inflation	d. All the above
  - x. During inflation, RBI ----- Bank Rate and Cash Reserve Ratio.
 

a. Increases	b. Reduces
c. Does not change	d. None of the Above

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- Q.2. Answer any two of the following: 20
- Explain with the help of flowchart, the circular flow of aggregate income and expenditure in a closed economy.
  - Define trade cycles and explain its phases with a help of a diagram.
  - Examine the features and criticisms of Says law of market.
- Q.3. Answer any two of the following: 20
- 'The Starting point of Keynes' theory of employment is the Principle of Effective Demand' – Explain.
  - Define consumption function and explain the subjective and objective factors affecting consumption.
  - Given investment to be Rs. 100 crores and MPC 0.5, explain the working of investment multiplier.
- Q.4. Answer any two of the following: 20
- How do you derive LM curve? Explain the impact of shift in LM curve.
  - Write a note on Stagflation.
  - Explain the basic prepositions of supply side economics.
- Q.5. Answer any two of the following: 20
- Explain the determinants of money supply.
  - Describe Fisher's equation of exchange.
  - Explain with the help of suitable diagram the demand pull and cost push inflation.