

Duration: 3 hours

Total Marks: 100

Instructions:

- 1) All questions are compulsory.
- 2) Draw neat diagrams wherever necessary.

Q.1a) Explain the following terms.(Any Five) (10)

1. Gross National Product.
2. Business Cycle.
3. Aggregate demand function.
4. Investment multiplier.
5. LM curve.
6. Stagflation.
7. Demand pull inflation .
8. Liquidity trap.

Q.1b) Choose the correct option and rewrite the statements. (10)

1. Macro Economics is not concerned with _____ .
a) National income accounting b) International trade c) Inflation d) equilibrium of a firm
2. _____ is not a leakage in circular flow of income.
a) tax b) imports c) savings d) exports
3. When income equals consumption, savings will be _____.
a) positive b) negative c) zero d) infinity.
4. According to Keynes, to increase employment _____ has to be increased.
a) Aggregate demand b) Aggregate supply c) Price d) Profit
- 5) Phillips curve explains the relationship between _____.
a) tax rate and tax revenue b) inflation and wage rate c) interest rate and investment d) income and saving
- 6) _____ will cause the IS curve shift to the left.
a) Rise in money supply b) Fall in money supply c) Rise in tax rate d) fall in tax rate
- 7) Money supply will increase when there is _____.
a) increase in CRR and SLR b) Decrease in CRR and SLR c) rise in public debt d) none of the above
- 8) _____ is a qualitative credit control measure.
a) direct action b) bank rate c) cash reserve ratio d) none of the above
- 9) Demand for money for speculative depends upon _____.
a) Level of income b) Interest rate c) Investment d) Tax
- 10) During inflation, RBI _____ bank rate and cash reserve ratio.
a) increases b) reduces c) does not change d) none of the above

Q.2) Answer any two of the following: (20)

- a) Explain circular flow of national income in a two sector model.
- b) State the meaning and scope of macroeconomics.

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c) Write a note on Says' law.

Q.3) Answer any two of the following:

(20)

- a) What is effective demand? Explain the determination of effective demand with a diagram.
- b) Define Consumption function and explain the subjective factors affecting consumption.
- c) Explain marginal efficiency of capital with a diagram. What factors determine it?

Q.4) Answer any two of the following:

(20)

- a) Explain the goods market equilibrium. How is the IS curve derived?
- b) Discuss the short run and long run Phillip's curve.
- c) Write a note on supply side economics.

Q.5) Answer any two of the following:

(20)

- a) What is velocity of circulation of money? What factors determine it?
- b) Describe Cambridge equations.
- c) Define inflation and explain its effects.

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