

Marks-75

Time-2hrs.30min.

All questions are compulsory.

Figures to the right indicate full marks.

Q.1a) State whether the statement is true or false(Any Eight) (8)

- I. International trade involves the use of various currencies.
- II. Personal income is sum of all income received by individuals.
- III. In two sector model government is equally important in the contribution of economy.
- IV. Indirect tax burden cannot be shifted.
- V. Velocity of circulation of money function is based on medium of exchange.
- VI. Prosperity is the phase of trade cycle.
- VII. CRR is determined by scheduled bank.
- VIII. Public debt is the debt taken by people.
- IX. Broker is the dealer in foreign exchange market.
- X. Cost push inflation refers to the rise in price due to rise in cost of production.

Q.1b) Match the following. (Any Seven) (7)

- | A | B |
|------------------------------|-------------------------------|
| 1)Independent floating rate. | 1)Public revenue. |
| 2)Taxes | 2)Floating rate system. |
| 3)Factor income. | 3)Liquidity preference. |
| 4)Transaction motive. | 4) Factor payment. |
| 5)Quota | 5)Buying and selling security |
| 6)Open market operations | 6)Restriction on import. |
| 7)W.T.O. | 7)National income. |
| 8)Product method | 8)World trade organization. |
| 9)Per capita income. | 9)Trade cycle. |
| 10)Business fluctuations | 10)Statistical device. |

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Q.2) Explain the three sector and four sector model of circular flow of model?(15)

OR

Q.2)What is inflation? Write down its types? (15)

Q.3)Explain the Maximum social advantage theory? (15)

OR

Q.3)What are the instruments of fiscal policy? (15)

Q.4)What is Balance of payment? Explain the causes of disequilibrium in balance of payment? (15)

OR

Q.4)Define public expenditure? What are the causes of rapid growth of public expenditure? (15)

Q.5)Explain the various measures used to correct the deficit in the balance of payment? (15)

OR

Q.5)Write short notes:- (Any Three) (15)

- 1)Any five concepts of national income.
- 2)Types of Terms of trade.
- 3)Velocity of circulation of money.
- 4)Precautionary motive.
- 5)Objectives of fiscal policy.