

Duration: 3Hrs

Total Marks: 100

- N.B:- 1) All questions are compulsory  
2) All questions carry equal marks

Q.1 a) Explain the following concepts: ( Any Five )

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- i) i) Macroeconomics                      ii) Circular flow of income without saving  
iii) National Income                      iv) Trade Cycle  
v) Effective Demand                      vi) Stagflation  
vii) Transaction Motive                      viii) Liquidity Trap

Q.1 b). Choose the right answer from the given options and rewrite the statements.

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- i) Microeconomics is concerned with-----  
a) National income accounting                      b) International trade  
c) Inflation                      d) Equilibrium of an individual firm
- ii) Which of the following does not constitute a leakage in the circular flow?  
a) Savings                      b) Taxes                      c) Imports                      d) Investments
- iii) The recession phase of a trade cycle begins at-----  
a) Trough                      b) Peak                      c) Midpoint of expansion                      d) Depression
- iv) According to Keynes', in order to increase employment we have to increase aggregate-----  
a) supply                      b) output                      c) demand                      d) investment
- v) According to Keynes', as income increases both MPC and APC -----  
a) rise                      b) fall                      c) remain constant                      d) is zero
- vi) Precautionary demand for liquidity is determined by-----  
a) Rate of interest                      b) Rate of inflation                      c) Bond prices                      d) Income
- vii) Supply side economics is based on which of the following schools of thought?  
a) Keynesian                      b) Monetarist                      c) Marxian                      d) Classical
- viii) The inverse of price level measures -----  
a) Inflation                      b) Value of money                      c) Deflation                      d) Multiplier
- ix) Which of the following is not a direct cause of demand -pull inflation?  
a) Deficit financing                      b) Credit creation  
c) Scarcity of raw materials                      d) Black money
- x) During inflation, -----gain.  
a) Debtors                      b) Creditors                      c) fixed income earners                      d) Poor

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Sem - III

Oct - 23 .

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Q.2 Answer any two of the following: 20

- a) Discuss the scope of macroeconomics.
- b) Explain the Circular flow of income in a three-sector economy.
- c) Explain the meaning and features of trade cycles.

Q.3 Answer any two of the following: 20

- a) What is effective demand? Show that it is determined by aggregate demand and aggregate supply curves.
- b) Explain the concept of consumption function and bring out the various factors affecting the consumption function.
- c) Discuss liquidity preference theory of interest.

Q.4 Answer any two of the following: 20

- a) Explain the derivation of LM curve and bring out its properties.
- b) Discuss the relationship between unemployment and inflation.
- c) What is stagflation and what are its causes and consequence?

Q.5 Answer any two of the following: 20

- a) Explain demand- pull and cost-push inflation.
- b) What are the causes of inflation?
- c) Explain Monetary and Fiscal measures to control inflation.

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