

**Questions should be —
WRITTEN IN LEGIBLE HANDWRITING IN BLACK INK.
SIGNS, SKETCHES OR FIGURES IF ANY BE DRAWN IN NEAT BLACK INK,
so as to avoid mistakes in the printed question papers.**

Duration 2 1/2 Hours.

Total Marks assigned to the paper 75

Q. No.		Marks
Q1. A)	N.B. :	
1.	True	8
2.	True	
3.	True	
4.	False	
5.	False	
6.	True	
7.	True	
8.	False	
9.	True	
10.	False	
Q1. B)	<p>1 - g 3 - e 5 - f 7 - d</p> <p>2 - i 4 - c 6 - b 8 - b</p>	7
2A)	<p>9 - a 10 - h</p> <p>Shows growth of the economy, dist. of NI, comparisons, foundation of policies, economic planning, etc.</p>	8
B)	<p>Income, prices, propensity to save, future expectation, rate of interest, Taxes, gains, assets etc.</p>	7
2B)	<p>Depression - lowest point, recovery - expansion in business activities, prosperity is the highest point & recession is the downward trend of GDP, employment, prices etc.</p>	8

Q. No.	Multiplier = $\frac{\text{Change in } Y}{\text{Change in } I_{\text{total}}}$ $k = \frac{1}{1 - MPC}$	Marks
2D)	$\Delta Y = k \Delta I$	7
3A)	Narrow money - notes, coins, deposits Broad money - currency, deposits, near depends on monetary base, reserves, use of money, choice of public, etc	8
B)	Variation in margin requirement, ceiling on credit, moral suasion, differential rate of interest etc.	7
C)	Constant income in prices. Consumption falls. Disrupts production pattern	8
D)	Quantity theory of money: $MV = PT$ V and T are taken as constant so M is directly proportional to P.	8
4A)	balanced budget \Rightarrow least guarantee	8
B)	Sacrifice of public, additional payment, loss of welfare, reduced consumption, future generation suffers, fall in savings,	7
C)	Public debt = Govt exp - Govt revenue. Intend v ext. debt, productive & unprod, compulsory v voluntary,	8
D)	elimination of deficits, guarantees not to exceed 0.5%, no borrowing from central govt transparency, quarterly review of deficits mid-term fiscal policy statement	7
5A)	NI and employment, trade cycles, price level, supply of money & demand, economic growth etc.	

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Q. No.		Marks
5A)	honours capital formation, technology, foreign capital, modernization, employment etc.	
5B)		
B)	Cause for Intl Trade is comparative cost difference, due to different factor endowments, different factor proportions, different factor prices.	7
S. 1.	NI, employment, trade cycles, price level Demand & Supply of money etc.	5
2	Increase in wages ∴ Copious money,	
3	Direct & Indirect burden, fall in savings, drain on resources etc	
4.	Higher capital, accelerated economic growth & employment, better technology, specialization,	
	benefit to consumer etc	
5.	Rate at which transaction takes place at a future date at a fixed date	