

MANGO *Economics*

Time : 2 hrs

Marks : 60

- 1) All Questions are compulsory.
2) The figures to the right indicate marks.

- Q.1** a) Explain the circular flow of income in open economy. 8
b) Distinguish between real and nominal GNP. 7

OR

- Q.1** a) Distinguish between personal income and the disposable income. 6
b) Describe simultaneous equilibrium in goods markets and the assets markets. 9

- Q.2** a) How does a commercial bank create credit ? 6
b) Describe the use of quantitative and the qualitative credit controls by central bank. 9

OR

- Q.2** a) Describe components of money supply. 8
b) What is a central bank ? Describe its functions. 7

- Q.3** a) Describe various instruments in the money market. 7
b) What are the objectives of fiscal policy ? 8

OR

- Q.3** a) Describe various sources of public revenue. 7
b) What is deficit financing ? Is it always inflationary ? 8

- Q.4** a) Distinguish between balance of trade and balance of payments. 8
b) Describe methods of correct the disequilibrium in balance of payments. 7

OR

- Q.4** a) Describe the structure of balance of payments. 8
b) Compare deflation and devaluation as methods of correcting disequilibrium in balance of payments. 7
