

TIME : 2 hours

MARKS : 60

- Note :-**
- i All questions are compulsory
  - ii Figures to the right indicate full marks.
  - iii Use of simple calculator is allowed

**Q. 1** Explain credit creation process with the help of following data and calculate Deposit multiplier. (15)

- i Bank 'A' receives Rs 1,20,000 as primary deposit
- ii Each bank will keep 20% as reserve.
- iii There are many banks operating in the economy draw Balance sheet of atleast 3 banks.

**Q.2** Explain the following concept (15)

- 1. Walking inflation
- 2. Is curue
- 3. NDP (Net Domestic product)
- 4. Cash Reserve Ratio
- 5. Revenue deficit
- 6. Hedgers
- 7. Balance of Payment.

**Q. 3 a)** Explain what are the causes of Balance of payment disequilibrium. (10)

**Q. 3 b)** Explain demand pull inflation in detail (05)

**OR**

**Q. 3 a)** Explain the impact of changes in fiscal policy on ISLM framework. (10)

**Q. 3 b)** Explain the difference between external debt and Internal debt. (05)

**Q. 4 a)** Explain the functions of foreign exchange market. (08)

**Q. 4 b)** Explain traditional classification of public expenditure in detail. (07)

**OR**

**Q. 4 a)** Explain what are the objectives of monetary policy (07)

**Q. 4 b)** Explain what are the features of Business cycle. (08)