[This question paper contains 2 printed pages.]

Unique Paper Code (UPC) :2924001013
Name of the Paper : GE: Economic Policy Framework
Name of Course : B.A.(Hons.) Business Economics
Semester : VII
Duration : 3 hours
Maximum Marks : 90 Marks

Instructions to the candidates

1. Attempt any **five** questions out of the given seven questions.
2. All questions carry equal marks.
3. Illustrate your answer with a suitable diagram, wherever required.

1. (i) Illustrate the four sector circular flow of income with the help of a diagram.
(ii) What is National Income Identity?Calculate National Income from the following data:
Gross Domestic Product at Market Price (GDPMP) = ₹5000 crore
Net Factor Income from Abroad (NFIA) = ₹100 crore
Depreciation = ₹200 crore
Indirect Taxes = ₹300 crore
Subsidies = ₹100 crore (9+9)

2. (i) Define fiscal, revenue, and primary deficits. Explain their importance in India's fiscal framework.
(ii) Explain the concept of Balanced Budget Multiplier (9+9)

3. (i) Explain the various instruments of credit control used by the central bank to regulate the supply of money in the economy.
(ii) Compare and contrast the financial crises of the late 1990s with the global financial crisis of 2008, highlighting the key differences in their origins, transmission mechanisms, and economic consequences. (9+9)

4. (i) Discuss the components of the capital account and analyze how capital inflows and outflows influence a country's external stability and economic growth.
(ii) Compare and contrast the fixed and flexible exchange rate systems, highlighting their advantages, disadvantages, and implications for economic stability. (9+9)

5. (i)What is the impact of tax policy on the level of aggregate demand?
(ii)Define a government budget and discuss how it functions as an instrument of fiscal policy to promote macroeconomic stability and sustainable growth. (9+9)

6. (i) Explain the concept of the crowding-out effect. How does excessive government expenditure financed through borrowing impact private sector investment?
(ii) Explain the situation of Policy Trilemma for Open economies. (9+9)

P.T.O.

7. Write a short note on any **three** of the following.
(i) Comment "GDP fully reflects the economic well-being of a country".
(ii) Significance of the Union Budget as an instrument of fiscal policy in India.
(iii) Non-Performing Assets in Indian banks
(iv) Current Account deficit
(v) Paired transaction

(3*6=18)