Paper Code	:13053	**[2 – 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)Explain the meaning and objectives of economic policy. Discuss the importance of economic policy in the Indian context.
   (ii) Calculate Net Domestic Product at Market Price, Net Domestic Product at Factor Cost and Net National Product at Factor Cost from the data given below:
   Gross Domestic Product at Market Price (GDPMP) = ₹20,000 crore
   Depreciation = ₹800 crore
   Net Factor Income from Abroad = ₹400 crore
   Indirect Taxes = ₹600 crore
   Subsidies = ₹200 crore (9+9)

2. (i) Define fiscal policy. Explain its objectives and importance in a developing country like India.
   (ii) What is a government expenditure multiplier? Explain its working with the help of an example. (9+9)

3. (i) Explain the concepts of High Powered Money and Money Multiplier. How are the two related to each other in the process of money creation?
   (ii) Define monetary policy and explain how its objectives help in achieving price stability and economic development. (9+9)

4. (i) Discuss how depreciation or appreciation of a country's currency affects its exports, imports, and overall current account balance.
   (ii) Define nominal and real exchange rates. How does the real exchange rate provide a better measure of a country's competitiveness than the nominal exchange rate?
   (9+9)

5. (i) How can the problem of Non-Performing Assets be effectively resolved in India? Discuss the role of institutional and policy reforms in this regard.
   (ii) Compare and contrast the current account and the capital account, highlighting their roles in a country's balance of payments position. (9+9)

6. (i) In the Union Budget 2024–25, the government increased capital expenditure on infrastructure projects. Explain how this step will influence aggregate demand and employment levels in the economy using the concept of the multiplier effect.
   (ii) Explain the meaning and significance of official reserve transactions. How does a central bank use them to correct balance of payments disequilibrium? (9+9)

7. Write a short note on any **three** of the following.
   (i) Value added method of calculating National Income
   (ii) Explain the role of tax policy on the fiscal budget.
   (iii) Explain the concept of inflation targeting.
   (iv) Trade deficit
   (v) Three types of international transactions recorded in the balance of payments.
   (3*6=18)

(300)