

(4)

(f) Hawtrey's theory of business cycle is based on which of the following factors?

(i) Over-investment

(ii) Innovation

(iii) Money and bank credit

(iv) None of the above

(g) In which year RBI was established?

(h) Define money market.

2. Write short notes on any *four* of the following
(within 150 words each) : $4 \times 4 = 16$

(a) Equilibrium rate of interest

(b) Liquidity trap

(c) Inflation vs. stagflation

(5)

(d) Phases of trade cycle

(e) Portfolio management

(f) Instruments of capital market

Answer the following questions (**within 500 words** each) :

3. (a) What do you mean by demand for money? Discuss the superiority of cash balance approach over cash transaction approach. Mention Keynesian views on it. $2+6+4=12$

Or

(b) What is supply of money? Mention the measures of money supply in India. Discuss the relationship between money supply and high-powered money. $2+3+7=12$

4. (a) What is inflation? Explain the causes of inflation. How can inflation be controlled in developing countries like India? $1+5+5=11$