

Duration: 21/2 hrs

Max Marks: 75

**Note: 1. Attempt all questions.****2. All questions carry equal marks.****3. Use of simple calculator is permitted.****4. Draw schedules, graphs and diagrams wherever necessary.****Q1. A Choose the best answer: (ANY EIGHT)****08M**

- i. The consumption function or propensity to consume refers to -----.
- income saving relationship
  - income investment relationship
  - income consumption relationship
  - All of the above
- ii. Keynesian Economics is -----.
- Micro economics
  - Macro economics
  - Monetary economics
  - Welfare economics
- iii. Marginal efficiency of capital refers to -----.
- the rate of profit expected
  - the rate of investments made
  - the rate of savings made
  - None of the above
- iv. During inflation gainers are -----.
- Common man
  - Debtors
  - Creditors
  - All of the above
- v. According to Fisher's Equation of quantity theory of money -----.
- $MV = PT$
  - $MP = PV$
  - $MT = PV$
  - None of the above
- vi. Money supply M3 includes -----.
- $M3 = C + DD + OD$
  - $M3 = C + DD + Deposits with post offices$
  - $M3 = M1 + Time Deposits with the banks$
  - None of the above
- vii. Budget Deficit Fiscal Policy is followed during -----.
- Inflation
  - Depression
  - Boom
  - None of the above
- viii. The debt that is repayable by the government after a fixed period of time is known as -----.
- redeemable debt
  - Irredeemable debt
  - Coercive debt
  - None of the above
- ix. ----- introduced the concept of GBTT.
- Adam Smith
  - Alfred Marshall
  - Amartya Sen
  - Taussig
- x. Equilibrium terms of trade according to J. S. Mill is determined by the condition of -----.
- Market demand
  - Aggregate demand
  - Reciprocal demand
  - None of the above

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**Q1. B. State whether the following statements are true or false: (ANY SEVEN) 07M**

- i. The current account of balance of payment does not include Unilateral services.
- ii. Donations, grants, gifts and such other payments which do not have counter obligations are known as unilateral flows.
- iii. Modern theory of International trade is based on the assumption of free trade.
- iv. The chief proponent of the concept of functional finance is J M Keynes.
- v. Funded debt is a long-term debt for a definite period.
- vi. "Too much of money chasing too few goods" is definition of inflation given by Coulbourn.
- vii. During inflation losers are Common man.
- viii. The term 'the supply of money' is synonymous with 'money supply'.
- ix. The question of tax shifting especially arises in the case of direct taxes.
- x. The monetary policy is concerned with the raising of government revenue and incurring of government expenditure.

**Q2. Answer ANY ONE question from the following: 15M**

- a. Discuss the importance of macro economics.
- b. Enumerate the phases of business cycle.

**OR**

- c. Explain the significance of circular flow of income.
- d. Explain in details the factors affecting velocity of circulation of money.

**Q3. Answer ANY ONE question from the following: 15M**

- a. Explain demand-pull and cost-push inflation.
- b. Discuss Keynes's theory of demand for money.

**OR**

- c. Explain in brief the instruments of monetary policy.
- d. Examine adverse effects of inflation on production.

**Q4. Answer ANY ONE question from the following: 15M**

- a. Enumerate canons of taxation.
- b. Explain the factors influencing incidence of taxation.

**OR**

- c. Discuss the significance of public expenditure.
- d. State the objectives of the FRBM Act.

**Q5. Answer the following questions:**

**15M**

- a. Explain classical theory of international trade.
- b. Explain the functions of foreign exchange market.

**OR**

**Q5. B. Write explanatory notes on ANY THREE of the following:**

**15M**

- a. Hedging
- b. Objectives of fiscal policy
- c. FDI
- d. Inflation targeting
- e. Green GNP and Green NNP

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