

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

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