

[Time: 2.30 Hrs]

[Marks:75]

Please check whether you have got the right question paper.

- N.B:
1. All question are compulsory.
 2. Figures to the right indicate full marks.
 3. Students answering in the regional language should refer in case of doubt to the main text of the paper in English.

Q.1 A. Choose the correct answer from the given multiple choice. (Any Eight) 08

- i) Which of the following is not the factor of production?
 - a. Land
 - b. Labour
 - c. Capital
 - d. Bank
- ii) Which of the following is the remuneration of labour?
 - a. Rent
 - b. Wage
 - c. Interest
 - d. Profit
- iii) M1 is known as -----.
 - a. Base money
 - b. Narrow money
 - c. Intermediate money
 - d. Broad money
- iv) M3 is known as -----.
 - a. Base money
 - b. Narrow money
 - c. Intermediate money
 - d. Broad money
- v) Government deals with -----.
 - a. Fiscal policy
 - b. Monetary policy
 - c. Fiscal as well as monetary policy
 - d. Neither fiscal nor monetary policy
- vi) According to -----, the main objective of public finance is the maximization of social advantage.
 - a. Adam Smith

- b. Alfred Marshall
 - c. Dalton
 - d. A. K. Sen
- vii) Shifting of tax takes place only in case of -----.
- a. Direct taxes
 - b. Indirect taxes
 - c. Both Direct and Indirect Taxes
 - d. Neither Direct Taxes nor Indirect Taxes
- viii) Who introduced the Law of Increasing State Activity?
- a. Dalton
 - b. Wagner
 - c. Adam Smith
 - d. Alfred Marshall
- ix) Revenue deficit arises when revenue expenditure is ----- revenue receipts.
- a. Equal to
 - b. Greater than
 - c. Lower than
 - d. Greater than or equal to
- x) Which is true about primary deficit?
- a. $\text{Primary deficit} = \text{Fiscal deficit} - \text{Interest Payments}$
 - b. $\text{Primary deficit} = \text{Fiscal deficit} + \text{Interest Payments}$
 - c. $\text{Primary deficit} = \text{Fiscal deficit} \div \text{Interest Payments}$
 - d. $\text{Primary deficit} = \text{Fiscal deficit} \times \text{Interest Payments}$

B Find True or False. (Any Seven)

- i) There only three factors of production.
- ii) Imports are an injection or inflows into the circular flow of money.
- iii) The aggregate or total demand for money is the sum of transaction, precautionary and speculative demands for money.
- iv) Demand pull inflation takes place due to rise in aggregate demand.
- v) Non-excludability and non-rivalness are the characteristics of public goods.
- vi) Excludability and Rivalness are the characteristics of private goods.
- vii) Peacock and Wiseman hypothesis is based on the Wagner's Law.
- viii) The modern state is described as the 'welfare state'.
- ix) Short term debt matures within a duration of 3 to 9 months.
- x) Public debt is the total amount, including total liabilities, borrowed by the government to meet its development budget.

- Q.2** A. Distinguish between microeconomics and macroeconomics. **08**
 B. Discuss the circular flow of income in two sector economy. **07**
OR
 A. What are the features of business cycle? **08**
 B. Explain the Say's law of market. **07**
- Q.3** A. Explain the determining factors of velocity of circulation of money. **08**
 B. Explain the RBI's approach to the measurement of money supply. **07**
OR
 A. What are the causes of inflation? **08**
 B. Explain the Fisher's approach to demand for money. **07**
- Q.4** A. Explain the principles of maximum social advantage. **08**
 B. Discuss the scope of public finance. **07**
OR
 A. Explain the role of government. **08**
 B. Discuss 'Consumer Surplus'. **07**
- Q.5** **Write a note on any three of the following.** **15**
 A. Characteristics of a good tax system.
 B. Advantages and disadvantages of indirect tax.
 C. Classification of public debt.
 D. Objectives of fiscal policy.
 E. FRBM Act, 2003.