

[Time:2.30 Hrs]		[Marks:75]
Please check whether you have got the right question paper.		
N.B:	<div>1. All questions are compulsory.</div> <div>2. Figures to the right indicate full marks.</div> <div>3. Students answering in the regional language should refer in case of doubt to the main text of the paper in English.</div>	

Q.1	(A)	Choose the correct option for the following: (Any 8) i) Four sectoral model of circular flow of national income including the households, business, government and the..... Sectors. a. Agriculture b. Service c. Foreign d. Transport ii) The necessary condition for the constant flow of income is savings must be equal to a. Income b. Expenditure c. Investment d. Capital iii) Business cycles arein character. a. Local b. Regional c. Internal d. International iv) Which of the following is not a characteristic of business cycles _____. a. Business cycles have uniform characteristics and causes b. Business cycles occur periodically, although they do not exhibit the same regularity c. Business cycles are contagious and unpredictable d. Business cycles have serious consequences on the well being of the society v) Who propounded the theory of Maximum Social Advantage? a. J. M. Keynes b. Adam Smith c. Dr. Dalton d. Alfred Marshall vi) Market failure is a situation where there is no balance between and a. Price and value	(8)
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	<p>b. Demand and supply</p> <p>c. Import and export</p> <p>d. Saving and Investment</p> <p>vii) When both the impact of tax and the incidence of tax fall on the same person, it is called tax.</p> <p>a. Indirect tax</p> <p>b. Direct tax</p> <p>c. Sales tax</p> <p>d. Entertainment tax</p> <p>viii) When the government wants to eliminate economic inequality in the country, tax is useful.</p> <p>a. Proportional</p> <p>b. Progressive</p> <p>c. Regressive</p> <p>d. Indirect</p> <p>ix) In developing countries, the goal of fiscal policy is to achieve ____.</p> <p>a. Economic Growth and Development</p> <p>b. Economic Growth and Stabilisation</p> <p>c. Economic Growth and Freedom</p> <p>d. Economic Growth and Control</p> <p>x) FRBM stands for _____.</p> <p>a. Fiscal Responsibility and Budget Manipulation</p> <p>b. Fiscal Responsibility and Budget Measurement</p> <p>c. Fiscal Responsibility and Budget Management</p> <p>d. Fiscal Responsibility and Budget Movement</p>	
	<p>(B) State whether the following statements are True or False. (Any 7)</p> <p>i) Four sectoral model of circular flow of national income including the households, business, government and the service sectors.</p> <p>ii) Business cycles are internal in character.</p> <p>iii) The classical theory of employment is a Supply oriented Theory.</p> <p>iv) Money supply refers to the amount of money which is in circulation in an economy at any given time.</p> <p>v) Market mechanism alone can perform all economic functions.</p> <p>vi) The subject matter of public finance includes public revenue, public expenditure, public debt and financial administration.</p> <p>vii) A direct tax is one in which the burden can be shifted to others.</p> <p>viii) Taxes seem to have the greatest anti-inflationary effects.</p> <p>ix) During depression, the government decreases its expenditure and increases taxes to discourage spending.</p> <p>x) Budget deficit causes the aggregate demand in the economy to rise and even lead to inflation.</p>	(7)
Q.2	Answer the following.	

	<p>A) Explain the scope and importance of macroeconomics. (7)</p> <p>B) What are the features of a trade cycle? (8)</p> <p>OR</p> <p>A) What are the factors affecting velocity of circulation of money? (7)</p> <p>B) Discuss the meaning and types of inflation. (8)</p>
Q.3	<p>Answer the following.</p> <p>A) Explain the various functions of public finance. (7)</p> <p>B) Explain the role of government in correcting Market failure. (8)</p> <p>OR</p> <p>A) Explain the meaning and sources of public revenue. (7)</p> <p>B) Explain the advantages and disadvantages of indirect taxes. (8)</p>
Q.4	<p>Answer the following.</p> <p>A) What are the various economic effects of taxation? (7)</p> <p>B) What are the causes of growing public expenditure? (8)</p> <p>OR</p> <p>A) Discuss the principles of sound finance. (7)</p> <p>B) Discuss the objectives of public budget. (8)</p>
Q.5	<p>Write notes on the following. (Any 3) (15)</p> <p>A) Say's Law of markets</p> <p>B) Fisher's approach to demand for money</p> <p>C) Causes of market failure</p> <p>D) Differentiate between Internal debt and External debt</p> <p>E) Types of deficit</p>