

[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) Net Domestic Product (NDP) is obtained by subtracting the depreciation from the -----  
-----.
- a) Gross National Product (GNP)
  - b) Gross Domestic Product (GDP)
  - c) Net National Product (NNP)
  - d) Gross National Income
- ii) Which is true?
- a) Disposable Income = Personal Income – Personal Taxes
  - b) Disposable Income = Personal Income + Personal Taxes
  - c) Disposable Income = Personal Income × Personal Taxes
  - d) Disposable Income = Personal Income ÷ Personal Taxes
- iii) Which of the following is not the function of money?
- a) Medium of exchange
  - b) Store of value
  - c) Standard of deferred payments
  - d) Investment
- 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) The Fiscal Responsibility and Budget Management (FRBM) introduced in ---.
- a) 2001
  - b) 2002
  - c) 2003
  - d) 2004
- x) Article ----- is related to Finance Commission.
- a) 280
  - b) 270
  - c) 281
  - d) 271

**B Find True or False. (Any Seven)****07**

- i. Macroeconomics is the study of aggregates.
- ii. Two sector model includes households and firm.
- iii. Net product method is also called the value added method.
- 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. A missing market is a situation where resource allocation based on a competitive market does not exist.
- vii. Indirect tax burden of tax cannot be shifted.
- viii. Hicks classifies direct & indirect taxes on the basis of administrative arrangements.
- 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. Differentiate between microeconomics and macroeconomics.****08****B. Explain the circular flow of income in two sector economy.****07****OR****A. Discuss the features of business cycle.****08****B. Elaborate the Say's law of market.****07****Q.3 A. Describe the various determinants of money supply.****08****B. Explain Friedman's theory of demand for money.****07****OR****A. Discuss the several causes of inflation.****08****B. Explain the Keynesian approach of demand for money.****07****Q.4 A. Elaborate the principle of maximum social advantage.****08****B. Discuss the scope of public finance.****07****OR****A. Write a note on 'Asymmetric Information'.****08****B. Explain the term 'Consumer Surplus' with the help of diagram.****07****Q.5 Write a note on any three of the following.****15****A. Sources of public revenue.****B. Advantages and disadvantages of indirect tax.****C. Significance of public expenditure.****D. Objectives of fiscal policy.****E. Constituents of fiscal policy.**

\*\*\*\*\*