

Subject: ECONOMICS

NOTE: 1. All Questions are Compulsory.

2. Figures to right indicate full marks.

Q1. A) State whether the following statements are TRUE OR FALSE: (Any 8) (8)

1. All the imports, investments abroad and lending to other countries lead to outflow of money.
2. The peak in the trade cycle is the end of the prosperity and the beginning of the recession.
3. In a two sector economy aggregate demand consists of only two components.
4. Broad money is a constituent of money supply.
5. Transaction motive comprises of income and business motive.
6. Monetary and fiscal measures are not used to control inflation.
7. The difference between total expenditure and total receipt is Budget deficit..
8. Inflation is a microeconomic phenomenon.
9. FRBM Act was passed in the year 2003.
10. Good taxation system should be complicated.

Q1. B) Fill in the blanks with the appropriate terms given below: (Any 7) (7)

1. Peaks and _____ represents the turning point of the trade cycle.
a) Troughs b) Prosperity c) Recession
2. Liquidity preference theory of interest is given by _____.
a) Keynes b) Marshall c) Ricardo
3. Inflation is a state in which the value of money is _____.
a) Constant b) Rising c) Falling
4. FRBM Act has _____ major objectives.
a) 7 b) 3 c) 4
5. Non-tax revenue includes _____.
a) Fees and fines b) Corporate tax c) Property tax
6. International trade increases _____ of goods and services.
a) Production b) Cost c) Expenditure
7. Foreign direct investment is included in _____.
a) Capital account b) Current account c) Trade account
8. _____ advocated the role of public expenditure.
a) A. Smith b) J. M .Keyens c) A. C. Pigou
9. Fiscal policy refers to _____.
a) Government expenditure b) Interest rates c) Legal structures
10. Impact and incidence of a tax is on the same person in the case of _____.
a) Direct taxes b) Indirect taxes c) Backward shift

- Q. 2 A) Discuss the circular flow of income in a four sector economy. (8)
 B) Explain the main phases of a trade cycle. (7)
OR
 C).What do you mean by macro-economic & state its definition (8)
 D).Explain the scope of macro-economic in detail. (7)
- Q. 3 A) What are the objectives of fiscal policy? (8)
 B) Explain the monetary and fiscal policy. (7)
OR
 C) Discuss the different types of public debt. (8)
 D) Examine the classification of Public expenditure (7)
- Q. 4 A) What is a budget? Examine the types of budget. (8)
 B) What is a deficit budget? Explain the different concept of deficit budget (7)
OR
 C) What are the merits and demerits of direct taxes? (8)
 D) Examine the role of taxes in a country like India (7)
- Q.5 A) What are the factors influencing impact of taxation (8)
 B) What are the factors influencing incidence of taxation (7)
OR
 Q5. Write short notes on: (Any 3) (15)
 A) Public goods
 B) Sound finance
 C) Cannon of public expenditure.
 D) Discretionary fiscal policy.
 E) Cannon of taxation.
