

QP Code : BF-14860

(2 Hours)

[Total Marks : 60

- N.B. :** (1) All questions are compulsory.
(2) Figures to the right indicate full marks.

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|---------|--|----|
| i. (a) | Discuss the changing trends in tax and non-tax revenue in India. | 15 |
| | OR | |
| ii. (b) | Define public expenditure. How is public expenditure classified? | 15 |
| | OR | |
| (c) | Discuss the burden of internal and external public debt. | 15 |

2. Attempt any two of the following :-

2. Attempt any two of the following :
- (a) What are the various gains from international trade?
 - (b) What are the non-monetary measures to correct disequilibrium in balance of payments?
 - (c) Explain the TRIPS and GATS agreements of WTO.

3. Attempt any two of the following :-

- (a) Explain the determination of equilibrium exchange rate.
- (b) Discuss the limitations of purchasing power parity theory.
- (c) Explain spot and forward exchange rates.

4. (a) State with reasons whether the following statements are true or false :-
(any four)

- (i) The Smith's Law explains increase in public expenditure.
- (ii) Primary deficit is equal to fiscal deficit plus interest payments.
- (iii) Trade account balance does not include invisible trade.
- (iv) WTO deals with domestic trade.
- (v) Commercial banks do not participate in foreign exchange market.
- (vi) At present, India has full current account convertibility.

(b) Choose the correct answer and rewrite the statements :- (any seven)

~~(i)~~ _____ is not a direct tax.

- (a) Service tax
(b) Personal income tax
(c) Wealth tax
(d) Gift tax

(ii) In India, public expenditure has shown a _____ trend since 1990s.

- (a) Falling
(b) Constant
(c) Rising
(d) None of above

- (iii) Funded debt is a _____ debt.
- Short - term
 - Long - term
 - Medium - term
 - None of the above
- (iv) When total exports are more than total imports then current account of balance of payments is in _____.
- Deficit
 - Balance
 - Surplus
 - Both deficit and surplus
- (v) Devaluation of a currency is brought about by the _____.
- World Bank
 - Asian Development Bank
 - International Finance Corporation
 - Government
- (vi) The World Trade Organisation was set up on _____.
- January 1st, 1975
 - January 1st, 1985
 - January 1st, 1995
 - January 1st, 2005
- (vii) An agreement between a buyer and seller that a fixed amount of one currency will be delivered at a specified rate for other currency is known as _____.
- Foreign exchange transaction
 - Euro - dollar transaction
 - Private party transaction
 - Inter - bank transaction
- (viii) The purchasing power parity theory is attributed to the writings of _____.
- Amartya Sen
 - Gustav Cassel
 - Alfred Marshall
 - Karl Marx
- (ix) The main objective of RBI's intervention in Indian foreign exchange market is _____.
- To ensure safety of the country
 - To promote trade
 - To reduce income inequalities
 - To maintain exchange rate stability.