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ENGINEERING & MANAGEMENT EXAMINATIONS, JUNE – 2009
ECONOMICS – II
SEMESTER – 2



Time : 3 Hours]

[Full Marks : 70

GROUP – A

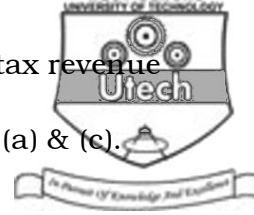
(Multiple Choice Type Questions)

1. Choose the correct alternatives for any *ten* of the following : 10 × 1 = 10
- i) “Absolute Advantage theory” of international trade was given by
- a) Adam Smith b) Keynes
- c) Ricardo d) Malthus.
- ii) A Keynesian consumption function implies
- a) Change in savings > change in consumption
- b) Change in income = change in consumption
- c) Change in income > change in consumption
- d) Change in income < change in consumption.
- iii) Internal debt means
- a) public loans floated within the country
- b) obligation of a country to foreign national or government or international institutions
- c) both (a) & (b)
- d) none of these.
- iv) IMF has which of the following main functions ?
- a) Exchange rate stability
- b) Exchange rate stability with rigidity
- c) Exchange rate stability without rigidity
- d) Exchange rate stability with flexibility.



v) Sources of revenue for the Union Government of India consists of

- | | |
|-------------------|--------------------|
| a) Tax revenue | b) Non-tax revenue |
| c) Profits of RBI | d) Both (a) & (c). |



vi) Revenue deficit is equals to

- a) total expenditure minus total receipts
- b) total revenue expenditure minus total revenue receipts
- c) total receipts minus total expenditure
- d) external borrowing of the Government.

vii) Under 'GNP at factor cost' of measuring national income, we have

- | | |
|------------------------|--------------------------------|
| a) $Y = P.O.$ | b) $Y = C + I + G$ |
| c) $Y = W + R + I + P$ | d) $Y = C + I + G + (X - M)$. |

viii) 'SDR' stands for

- | | |
|---------------------------|---------------------------|
| a) Special Driving Rights | b) Spatial Drawing Rights |
| c) Special Drawing rights | d) None of these. |

ix) 'Indexation' is a method of controlling

- a) BOP disequilibrium of a country
- b) Correcting inflation of a country
- c) Correcting fiscal deficits of a country
- d) None of these.

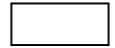
x) Disposable personal income means

- a) Income before tax payment
- b) Income after tax payment
- c) Personal income after consumption
- d) Personal income after savings.



xi) Fiscal policy means

- a) change in money supply of the economy
- b) change in Government income and expenditure
- c) change in expenditure of the government
- d) all of these.



GROUP – B

(Short Answer Type Questions)

Answer any *three* of the following questions.

3 × 5 = 15

2. Write down the main objectives and functions of IMF.
3. Mention the major sources of revenue of the central government.
4. Define money. What are the functions of money ?
5. Explain the functions of WTO.
6. Differentiate between Demand Pull and Cost Push Inflation.

GROUP – C

(Long Answer Type Questions)

Answer any *three* of the following questions.

3 × 15 = 45

7. What is the need for a Central Bank of a country ? State and explain the functions that are performed by Reserve Bank of India. 5 + 10
8. Explain the Comparative Cost Advantage Theory of International Trade. How a country will gain from such trade ? Give criticism also. 8 + 3 + 4
9. What do you mean by Quantity Theory of Money ? Explain the Fisher's Quantity Theory of Money. Give criticism also. 2 + 10 + 3



10. a) State the difficulties in measuring National Income.

b)

	Rs.
GNP	10,436·7
Indirect taxes	703·1
Depreciation	1,393·5
Contribution to social security	746·5
Corporate Profits tax payments	353·8
Personal interest income	394·4
Transfer payments to persons	1,288·0
Personal taxes	1,111·9



Calculate National Income, Personal Income and Personal disposable income.

5 + 10

11. Write notes on any *two* of the following :

- a) Public debt
- b) Deficit financing
- c) GNP & GDP
- d) Indian Capital Market.

END