

D 112048

(Pages : 2)

Name.....

Reg. No.....

**THIRD SEMESTER (CBCSS—UG) DEGREE EXAMINATION  
NOVEMBER 2024**

Economics

ECO 4 (3) C01—INTRODUCTORY ECONOMICS—II

(2019—2023 Admissions)

Time : Two Hours and a Half

Maximum : 80 Marks

**Section A (Short Answer Questions)***Maximum marks in this Section is 25.**Students can attempt **all** questions.**Each question carries a maximum of 2 marks.*

1. RBI .
2. Credit creation.
3. Foreign exchange market.
4. Scheduled banks and non-scheduled banks.
5. Horizontal and vertical imbalance.
6. Direct tax and indirect tax.
7. Currency devaluation.
8. BoP surplus and BoP deficit.
9. Balanced budget.
10. Demand pull and cost push inflation.
11. Malnutrition.
12. Child sex ratio
13. FRBM Act.
14. International trade.
15. Standard of deferred payments.

**Turn over**

**Section B (Short Essay/Paragraph Questions)**

*Maximum marks in this Section is 35.*

*Students can attempt **all** questions.*

*Each question carries a maximum of 5 marks.*

16. Explain the nature and scope of Public Finance.
17. Describe the functions of commercial banks in India.
18. Explain different exchange rate regimes. Examine advantages and disadvantages of each.
19. What is meant by public expenditure ? Explain the purpose of public expenditure.
20. What do you mean by monetary policy ? Explain the instruments of monetary policy.
21. Write a note on NITI Aayog. Point out major difference between the Planning Commission and NITI Aayog.
22. *The quantity theory of money states that the general price level of goods and services is directly proportional to the amount of money in circulation. Discuss.*
23. Describe the demographic trends of India. Point out the issues of rapid growth of population.

**Section C (Long Essay Questions)**

*Answer any **two** questions.*

*Each question carries a maximum of 10 marks.*

24. Distinguish between Balance of Trade and Balance of Payments. Explain the structure of Balance of Payments.
25. What is the difference between a central bank and commercial bank ? Explain the functions of RBI as India's central bank.
26. Critically examine the principle of maximum social advantage.
27. Examine recent trends in poverty and unemployment in India. Discuss the Government initiatives for employment generation in India.

(2 × 10 = 20 marks)

**D 112048–A****(Pages : 5)****Name.....****Reg. No.....****THIRD SEMESTER (CBCSS—UG) DEGREE EXAMINATION  
NOVEMBER 2024****Economics****ECO 4 (3) C01—INTRODUCTORY ECONOMICS—II****(2019—2023 Admissions)****(Multiple Choice Questions for SDE Candidates)****Time : 15 Minutes****Total No. of Questions : 20****Maximum : 20 Marks****INSTRUCTIONS TO THE CANDIDATE**

1. This Question Paper carries Multiple Choice Questions from 1 to 20.
2. The candidate should check that the question paper supplied to him/her contains all the 20 questions in serial order.
3. Each question is provided with choices (A), (B), (C) and (D) having one correct answer. Choose the correct answer and enter it in the main answer-book.
4. The MCQ question paper will be supplied after the completion of the descriptive examination.

## ECO 4 (3) C01—INTRODUCTORY ECONOMICS—II

(Multiple Choice Questions for SDE Candidates)

1. Scheduled banks are those banks which are included in the \_\_\_\_\_.
  - (A) Second schedule of Reserve Bank of India Act 1934.
  - (B) Third schedule of the Reserve Bank of India Act 1934.
  - (C) Fifth schedule of the Reserve Bank of India Act 1934.
  - (D) None of the above.
  
2. An increase in investment is caused by :
  - (A) Lower interest rates.
  - (B) Expectations of lower national income.
  - (C) A decrease in the marginal propensity to consume.
  - (D) An increase in withdrawals.
  
3. Personal Income includes :
  - (A) Dividend distributed.
  - (B) Social insurance contributions.
  - (C) Corporate profit.
  - (D) None of the above.
  
4. Demand pull inflation may be caused by :
  - (A) An increase in cost.
  - (B) A decrease in interest rate.
  - (C) A reduction in government spending.
  - (D) An outward shift of aggregate supply.

5. What is the effect of monetary policy in a situation of "Liquidity trap" ?
- (A) Expansionary monetary policy.
  - (B) Contractionary monetary policy.
  - (C) Both expansionary and contractionary monetary policy effective.
  - (D) Monetary policy ineffective.
6. Fisher equation of exchange states that :
- (A) P varies directly with income.
  - (B) P varies directly with M.
  - (C) P and M are constants.
  - (D) None of the above.
7. Which of the following is not a function of commercial bank ?
- (A) Accepting deposits.
  - (B) Creating credits.
  - (C) Printing bank notes.
  - (D) None of the above.
8. If the central bank wants to control credit, it should :
- (A) Lower the rediscount rate.
  - (B) Raise the bank rate.
  - (C) Buy securities in the open market.
  - (D) Raise cash reserve ratio.
9. In short-run, unemployment may fall below the natural rate of unemployment if :
- (A) Nominal wages have risen less than inflation.
  - (B) Nominal wages have risen at the same rate as inflation.
  - (C) Nominal wages have risen more than inflation.
  - (D) Nominal wages have risen less than unemployment.

Turn over

10. Which is the largest private sector bank in India ?
- (A) ICICI. (B) Axis Bank.  
(C) HDFC. (D) South Indian Bank.
11. The fundamental function of a commercial bank is :
- (A) Acceptance of deposits. (B) Advancing loans.  
(C) Issuing bank draft. (D) Creating credit.
12. Who is the father of Public Finance :
- (A) Musgrave. (B) Pigou.  
(C) Smith. (D) Dalton.
13. The equity principle of taxation was propounded by :
- (A) Adam Smith. (B) Dalton.  
(C) J. B. Say. (D) Marshall.
14. International trade refers to trade between :
- (A) Two regions of a country.  
(B) Two countries.  
(C) Two commodities produced in different countries.  
(D) None of the above.
15. \_\_\_\_\_ is the deliberate downward adjustment in the official exchange rate, reduces the currency's value.
- (A) Devaluation. (B) Depreciation.  
(C) Revaluation. (D) Appreciation.

16. A key effect of devaluation is that it :
- (A) Makes the domestic currency cheaper relative to other currencies.
  - (B) Makes the domestic currency dearer relative to other currencies.
  - (C) Makes the foreign currency cheaper relative to other currencies.
  - (D) Leaves the relative value unchanged.
17. Devaluation leads to :
- (A) Increasing the price of imports and stimulating greater demand for domestic products.
  - (B) Domestic inflation.
  - (C) Rise in domestic interest rates.
  - (D) All the above.
18. Agricultural Credit is given by.
- (A) Co-operatives.
  - (B) RRBs.
  - (C) NABARD.
  - (D) All of the above.
19. The worst form of land tenurs system was \_\_\_\_\_.
- (A) Zamindary.
  - (B) Riotwary.
  - (C) Mahal wari.
  - (D) All of the above.
20. Import quota is :
- (A) Tariff.
  - (B) Non-tariff trade barrier.
  - (C) Concession.
  - (D) International obligation.