



DEPARTMENT OF ECONOMICS
BHARATHIAR UNIVERSITY
COIMBATORE 641 046

WORKSHOP ON QUESTION BANK PREPARATION IN ECONOMICS (PG LEVEL)
(Under Internal Quality Assurance Initiatives)
27th and 28th of February 2009

Chairman

Dr. B. Muniyandi

Professor and Head
Department of Economics
Bharathiar University
Coimbatore – 641 046

Co-ordinator

Dr. K. Govindarajalu

Professor
Department of Economics
Bharathiar University
Coimbatore – 641 046

LIST OF RESOURCE PERSONS

BUSINESS ECONOMICS

Prof. D. Mythili

Lecturer
Department of Economics
LRG Govt. Arts College for Women
Tirupur

Dr. M. Santhamani

Lecturer
Department of Economics
LRG Govt. Arts College for
Women
Tirupur

MACRO ECONOMICS

Dr. O.B. Promod Kumar

Reader
Department of Economics
Government Arts College
Coimbatore 641 018

Dr. R. Sarojini

Lecturer
Department of Economics
Government Arts College
Coimbatore 641 018

PUBLIC FINANCE

Prof. R. Athmanathan

Reader
Department of Economics
Chikkaiah Naicker College
Erode

Dr. A. Sarvalingam

Reader
Department of Economics
Chikkaiah Naicker College
Erode

MONETARY ECONOMICS

Prof. D. Mythili

Lecturer
Department of Economics
LRG Govt. Arts College for Women
Tirupur

Dr. M. Santhamani

Lecturer
Department of Economics
LRG Govt. Arts College for
Women
Tirupur

RESEARCH METHODOLOGY AND STATISTICS

Dr. S. Lakshmanan

Reader and Head
Department of Economics
Gobi Arts College
Karattadi Palayam (Po)
Gobichettipalayam 638 453

Dr. K. Dhanasekaran

Reader
Department of Economics
Gobi Arts College
Karattadi Palayam (Po)
Gobichettipalayam 638 453

INTERNAL RESOURCE PERSONS**Dr. B. Muniyandi**

Professor and Head
Department of Economics
Bharathiar University
Coimbatore – 641 046

Dr. V. Anbumani

Professor
Department of Economics
Bharathiar University
Coimbatore – 641 046

Dr. K. Govindarajalu

Professor
Department of Economics
Bharathiar University
Coimbatore – 641 046

Dr. S. Boopathi

Lecturer
Department of Economics
Bharathiar University
Coimbatore – 641 046

Dr. P. Shanmugam

Lecturer
Department of Economics
Bharathiar University
Coimbatore – 641 046

BUSINESS ECONOMICS**PART A****I. Define**

1. Demand.
2. Production function.
3. Price rigidity.
4. Variable cost.
5. Iso – cost line.
6. Monopoly.
7. Shut – down point.
8. Marginal revenue.
9. Price elasticity of demand.
10. Marginal rate of technical substitution.
11. Economies of scale.
12. Normal Profit.
13. Price discrimination.
14. Quasi rent.
15. Opportunity cost.
16. Law of diminishing returns.
17. Elasticity of demand
18. Oligopoly.
19. Gross Profit.
20. Net Profit.
21. Social Cost.
22. Private Goods.
23. Public Goods.
24. Break even point
25. Marginal Cost.

II. FILL IN THE BLANKS

1. The demand for a commodity is said to be elastic if the total amount spent on the commodity is _____.
2. Marginal costs are most closely related to _____.
3. The Optimum size of a firm can exist only under _____.
4. The goods which have positive price effect are called _____ goods.
The other name for linear homogeneous production function of the first degree is _____ Production function.
5. Expansion of business is a _____ factor over which the management has control.
6. Law of demand does not apply to _____ goods.
7. An isoquant is a curve on which various combinations of labour and _____ show the same output.
8. _____ costs do not change with the change in business activities.
9. Oligopoly is a market situation with a _____ sellers.
10. Micro economic analysis deals with the behavior of _____ economic units.
11. The objective of cash discount is to encourage the customers to make _____.
12. A firm's shut down point is reached when _____ cover average fixed cost.
13. Marginal cost curve cuts the average cost curve _____.
14. The equilibrium of a firm occurs when _____.
15. External economies of scale arise when _____ improves the efficiency of others.
16. In a perfectly competitive market _____ are larger than monopoly market.
17. Demand curve is more elastic in monopolistic competition than _____.
18. Opportunity cost is a term which describes cost of one product in terms of _____.
19. Branding is a technique of _____.
20. The most important factor that determines whether advertisement by manufacturer will lead to higher sales _____.
21. The kinked demand curve of Sweezy's model of Oligopoly emerges because of the assumption that others follow when one seller _____ his price.
22. One of the essential conditions of perfect competition is _____.
23. Shut down point is one where a firm cannot reach _____.
24. Demand for electricity is elastic because _____.

KEY

- | | | |
|---|--|-------------------------------------|
| 1. More when the price is low than when the price is high | 2. Variable costs | |
| 3. All type of market structures | 4. Normal goods | 5. Cobb-Douglas |
| 6. Internal | 7. Giffen / Inferior | 8. Capital |
| 9. Fixed | 10. Few | 11. Price |
| 12. Prompt payment of bills | 13. Average revenue falls to | |
| 14. at its lowest point | 15. $MC = MR$ | 16. Expansion of output of one firm |
| 17. Sellers | 18. Monopoly | 19. Production of others foregone |
| 20. Developing customer loyalty | 21. The product can be differentiated | |
| 22. Decreases | 23. Large number of buyers and sellers | |
| 24. A no profit no loss position | 25. It has alternative uses | |

III. State whether the Following Statements are True Or False

1. Baumol contributed sales maximization hypothesis.
2. Price rigidity occurs in Monopolistic market.
3. The addition made to the total cost is known as average cost.
4. Theory of Firm is a part of managerial economics.
5. Demand curve of a monopoly market is also an average revenue curve.
6. Price and demand have positive relationship.
7. The long run is a period which allows changes in the fixed equipment.
8. Under monopoly the price is set above the marginal cost.
9. Strong bargaining power of labour in relation to the employer leads to exploitation of labour
10. The problem of economic choice does not arise in business economics
11. Penetration price does not cover all costs.
12. Profit is the reward to the entrepreneur for making price output decisions.
13. Incremental principle is related to marginal cost.
14. The objective of skimming price policy is to penetrate the market with the lowest price.
15. Product differentiation is a form of non price competition.
16. Upward shift in the demand curve is due to increase in the price of the commodity.
17. In the short run the firms average cost cannot change
18. Price determination is a profit minimizing mechanism.
19. Inferior goods have negative income effect.
20. External economies of scale arise when prices are reduced on bulk buying of raw materials.

21. For price discrimination segmentation of markets is not necessary.
22. Monopoly price is not always higher than the competitive price.
23. In the short run, the firm's fixed costs, total and average cost cannot change.
24. Depreciation is an out of pocket cost.
25. Total cost of production is the sum of total variable cost and marginal cost.

KEY

1.	True	2.	False	3.	False	4.	True	5.	True
6.	False	7.	True	8.	True	9.	False	10.	False
11.	True	12.	False	13.	False	14.	False	15.	True
16.	False	17.	False	18.	False	19.	True	20.	True
21.	False	22.	True	23.	False	24.	False	25.	False

IV. Match the Following

1. Constant returns to scale A. J.R. Hicks
2. Perfect Competition B. Monopolistic competition
3. Availability of close substitutes C. Alfred Marshall
4. Indifference Curve D. Price takers
5. Quasi rent E. Production function, homogeneous of degree

Key. 1. E 2. D 3. B 4. A 5. C

1. Perfect Competition A. J. M. Keynes
2. Oil resources in gulf countries B. Oligopoly
3. Kinked demand curve C. A.C. Pigou
4. Price discrimination D. No selling cost
5. Liquidity Preference theory E. Natural Monopoly

Key. 1. E 2. D 3. B 4. A 5. C

1. Time Preference theory A. Joan Robinson
2. Imperfect Competition B. Schumpeter
3. Innovations C. Gossen
4. Law of diminishing marginal D. 'U' shaped
5. Average Cost curve E. Irving Fisher

Key. 1. E 2. A 3. B 4. C 5. D

1. Product differentiation A. one buyer
2. Production Function B. Hawley
3. Explicit Cost C. inputs
4. Risk bearing theory D. paid out cost
5. Monopsony E. Monopolistic competition

Key. 1. E 2. C 3. D 4. B 5. A

- | | |
|------------------------------|------------------------|
| 1. Static & dynamic analysis | A. no gain no loss |
| 2. Monopolistic Competition | B. due to price factor |
| 3. Abstinence theory | C. Chamberlain |
| 4. Contraction demand | D. Senior |
| 5. Break even point | E. J.S. Mill |

Key. 1. E 2. C 3. D 4. B 5. A

PART B

1. Define managerial economics and discuss its scope.
2. How can a managerial economist best serve the management?
3. Explain the relationships between price elasticity of demand, average revenue and marginal revenue.
4. State and explain the law of demand. What are the exceptions to the law of demand?
5. Show how production functions can help in output decision making of a firm.
6. Write a note on technical progress.
7. Distinguish between cost and production functions.
8. Give an account of empirical cost functions.
9. Examine the relationship between monopolist's profit and elasticity of demand.
10. In what ways the modern theories of firms differ from neo-classical theory of firm.
11. Why does the demand curve slope downwards?
12. Explain the concept of price elasticity of demand.
13. State the main criteria for good forecasting
14. Explain the properties of Iso quant.
15. How does a producer maximizes output subject to the given level of budget?
16. Explain the main features of monopoly.
17. Explain the main classes of price discrimination.
18. Explain the responsibilities of Managerial Economics.
19. Explain the nature and scope of Managerial Economics.
20. Distinguish between increase in demand and extension in demand.
21. How is direct demand different from derived demand? Give examples.
22. Explain the nature and managerial use of production Function.
23. How is a least cost combination arrived at with the help of iso product and iso cost curves?
24. Explain cost output relationship in the short run.

25. Explain the various economies of scale.
26. Explain the main features of monopolistic competition.
27. What are the conditions necessary for price leadership
28. Examine profit as the central concept in managerial economics
29. State the relationship between Managerial Economics and decision making.
30. Explain the techniques of demand forecasting.
31. Explain Production Function.
32. State the role of technology in production.
33. Explain the relationship between total, average and marginal costs.
34. Distinguish between fixed costs and variable costs.
35. How is price determined under discriminating monopoly?
36. State the features of Oligopoly.
37. Explain Cobb Douglas Production.
38. Write a note on Expansion Path.
39. Distinguish between return to a factor and returns to scale.
40. Distinguish between short run and long run.
41. Discuss briefly different cost concepts relevant to managerial decision of planning and control.
42. Why long run average cost curve is likely to be L shaped?
43. Explain the concept of break-even in profit planning.
44. State and explain the Ricardian theory of rent.
45. "Interest is a monetary Phenomenon". Discuss this in the context of Liquidity theory of interest.
46. "Interest is the price for parting with liquidity". Discuss.
47. State and explain the Loan able Funds Theory of Interest.
48. Write a note on quasi rent.
49. What is product variation? W does a firm attain equilibrium with product variation.
50. Explain group equilibrium under monopolistic competition.

PART C

1. Discuss the scope and application of managerial economics.
2. Enumerate the role, functions and responsibilities of managerial economists.
3. Explain the various types of elasticity of demand.
4. What is market research? Discuss the different methods of market research.
5. Explain Cobb- Douglas Production Function.
6. Explain CES Production Function.
7. State the role of cost analysis in decision making.
8. Examine the technique of cost control.
9. Explain Marshallian time element analysis in price fixation.
10. How is price determined under oligopoly?
11. "Managerial Economics is predominantly micro-economic theory". Discuss.
12. State and prove the properties of Cobb-Douglas production function.
13. State and explain the different methods of demand forecasting.
14. Explain the Law of returns to scale.
15. How are price and output determined under monopolistic competition?
16. Do you advocate price discrimination? Give reasons.
17. Discuss the usefulness of basic economic theory to the practical problems of a business firm.
18. Examine the techniques of forecasting. How would you choose amongst various demand forecasts?
19. Why is it useful for a business firm to classify its expenses as variable and non-variable? What are the main problems in making this classification?
20. Critically examine the profit policies of business firms.
21. Explain the methods of estimating cost functions and point out the problems in the estimation by using economic data.
22. Discuss the different bases for classifying an oligopoly situation.
23. Explain how price is determined under monopoly.
24. State and explain the marginal Productivity theory of wages.
25. Explain the classical theory of interest.

MACRO ECONOMICS

PART –A

I. Define the Following: Answer all the Questions

1. Define National Income?
2. Define the concept of NNP?
3. Define Personal Income?
4. Define the various concepts of National income?
5. Define the concept of GDP?
6. Define Aggregate demand?
7. Define propensity to consume or consumption function?
8. Define inducement to invest or investment function.
9. Define MEC (or) Marginal Efficiency of Capital.
10. Define Effective demand.
11. Define Liquidity Preference?
12. Define APC.
13. Define MPC.
14. Define Public investment.
15. Define MEI or Marginal Efficiency of Investment.
16. Define Accelerator.
17. Define Multiplier.
18. Define Investment Multiplier.
19. Define Employment Multiplier.
20. Define Liquidity trap.
21. Define Inflation.
22. Define Monetary policy?
23. Define Business Cycle?
24. Define Inflation?
25. Define Paradox of thrift?

II. Fill in the Blanks

1. GNP – Depreciation is _____.
2. NNP at factor cost is _____ to National income.
3. _____ refers to that what is true of an individual is not true when applied to the community as a whole.
4. National income refers to the _____ of a country.
5. Estimation of National income in India is prepared by _____ method.
6. Say's law will not operate under condition of _____ wage and price.
7. According to classical theory of employment labour is _____.
8. Aggregate demand function is governed by consumption and _____.
9. Investment is governed by Marginal efficiency of capital and _____.
10. Rate of interest is determined by the liquidity preference of public and _____.
11. The consumption expenditure is determined by the propensity to consumer and _____.
12. Marginal propensity to consume can be expressed symbolically as _____.
13. Consumption function express relationship between consumption and _____.
14. The concept of accelerator has been given by _____.
15. Purchase of existing bonds or securities in _____ investment.
16. The demand for investment at different interest rates is represented by the term _____.

17. The flexible acceleration theory of investment was developed by _____.
18. The theory of interest based on IS-LM function has been propounded by _____.
19. Shifting LM curve towards left indicates _____.
20. IS curve relates different equilibrium levels of _____.
21. Long run-Phillips curve was stated by _____.
22. Phillips curve hypothesis was based on data relating to _____ country.
23. The concept of employment multiplier was introduced by _____.
24. _____ is the accelerator co-efficient.
25. The combined effect of the multiplier and accelerator is also called _____ effect.

Key

- | | | |
|------------------------------|------------------------------|---------------------------------------|
| 1. NNP | 2. Equal | |
| 3. Macro | 4. Income | 5. Income |
| 6. Inflexible | 7. Homogeneous | 8. Investment |
| 9. Rate of interest | 10. Money supply | 11. Size of income |
| 12. $\Delta C / \Delta Q$ | 13. Income | |
| 14. J.M. Clark | 15. Financial | 16. Marginal Efficiency of Investment |
| 17. H.B. Chenery | 18. Neo Keynesian Economists | |
| 19. Increase in Money Supply | 20. Saving and Investment | 21. Friedman |
| 22. USA | 23. R.F. Khan | |
| 24. Alpha | 25. Leverage | |

III. Match the Following

- | | |
|-----------------------------------|-----------------------------------|
| 1. National income at factor cost | A. Principles of effective demand |
| 2. Study of Macro Economics | B. Supply creates its own demand |
| 3. Say's Law | C. NNP |
| 4. Keynes's theory of employment | D. Propensity to consume |
| 5. Consumption function | E. General Price Level |

Key : 1- C , 2-E , 3 -B 4 -A , 5- D

- | | |
|-------------------------------------|--------------------------------|
| 1. $1 - \frac{C}{y}$ means | A. K.F. Khan |
| 2. Employment Multiplier | B. IS curve |
| 3. The flexible acceleration theory | C. Capital output ratio |
| 4. $\Delta K / \Delta Y$ | D. H.B. Chenery and L.M. Koyek |
| 5. Real Market equilibrium | E. APS |

Key : 1-E , 2- A , 3 -D 4 -C , 5- B

- | | |
|------------------------------------|------------------------------------|
| 1. Monetary Policy | A. As substantial rise in price |
| 2. Keynesian theory of consumption | B. Schumpeter |
| 3. Inflation | C. Complementary to fiscal policy |
| 4. Friedman | D. Theory of adaptive expectations |
| 5. Innovation Theory | E. Absolute Income Hypothesis |

Key : 1-C , 2- E , 3 -A 4 - D , 5- B

- | | |
|--------------------------------|-------------------------|
| 1. Siberling | A. MPS |
| 2. Foreign trade multiplier | B. Import function |
| 3. Effective demand | C. F. Modigliani |
| 4. Life Cycle Hypothesis | D. $C + I + G$ |
| 5. $\frac{\Delta S}{\Delta Y}$ | E. Theory of long waves |

Key : 1-E , 2-B , 3 -D 4 - C , 5-A

- | | |
|---|----------------------|
| 1. National income at market price | A. LM curve |
| 2. It relates only to the agricultural sector | B. James Duesenberry |
| 3. Money market equilibrium | C. National Income |
| 4. Investment multiplier | D. Keynes |
| 5. Financial theory of investment | E. Cob Web theorem |

Key : 1-C , 2-E , 3 -A 4 -D , 5-B

IV. State TRUE or FALSE

- If APC is represented by a straight line from point of origin the MPC and APC are equal at all levels.
- ASF exceeding ADF expand employment.
- NNP at factor cost = NNP at market prices minus net indirect taxes.
- Classical economist believed that equality between saving and investment at full employment was brought about by the rate of interest.
- Pigou was in favour of wage rigidity to promote employment.
- The MEC is 10% the present value of Rs. 100 for two years will be Rs. 82.65.
- The user cost will be lower with a rise rate of interest
- MPC and APC rate always equal.

9. Share capital of the economy is not real investment.
10. If MPC is 0.5, the multiplier is 2.0.
11. Even if net investment is zero, the replacement investment increases.
12. If Net investment is negative gross investment will also be negative.
13. Speculative motives of liquidity preference are interest related.
14. IS curve expresses equilibrium in monetary sector.
15. Shifting of LM curve towards left indicates decrease in money supply or increase in money demand.
16. Unemployment depends on effective demand.
17. Keynes believed that long-term equilibrium was more important than short-term equilibrium.
18. Stability in exchange rate measures will help in checking inflation.
19. Stagflation occurs when the aggregates demand curve moves upwards.
20. Inflation is beneficial to creditors.
21. Phillips curve hypothesis was based on data relating to USA.
22. Natural rate of unemployment represents short-run rate of unemployment.
23. The "growth objective" of monetary policy has been considered to the long term objectives.
24. The theory of interest based IS-LM function has been prepared by Swedish economists.
25. The operation of multiplier is adversely affected by imports.

Key

1.	True	2.	False	3.	True	4.	True	5.	False
6.	True	7.	False	8.	False	9.	True	10.	True
11.	True	12.	False	13.	True	14.	False	15.	True
16.	True	17.	False	18.	True	19.	False	20.	False
21.	True	22.	False	23.	True	24.	False	25.	True

PART – B**Answer All Questions**

1. a. Explain the factors which determine the level of national income in a country.
(or)
b. What is National Income? Describe the different methods used for measurement of National Income?
2. a. Explain the concept of personal income and disposal income.
(or)
b. What are the main conceptual problems involved in the estimation of National income in Under Developed Countries?
3. a. What is the importance of national income estimates?
(or)
b. Define the various concepts of National Income? Discuss their relative importance.
4. a. What are the constituents of GNP?
(or)
b. What is MEW? How is it measured?
5. a. Distinguish between the GDP and NNP.
(or)
b. Discuss how far is National income a reliable index of economic welfare?
6. a. What are the basic assumptions of the classical theory of employment.
(or)
b. Indicate the implication of Say's Law of Market.
7. a. Discuss the Pigou's version of the classical theory of employment.
(or)
b. Explain the application of Say's Law under conditions of savings and investment.
8. a. What is meant by effective demand?
(or)
b. Write a note on "Supply Side Economics".
9. a. Distinguish between under employment equilibrium and full employment equilibrium
(or)
b. Discuss the achievements and limitations of Keynesian Economics.

10. a. Discuss the General theory of Employment as propounded by Keynes.
(or)
b. How will you derive the aggregate demand and aggregate supply functions?
11. a. Explain the factors determining the consumption function?
(or)
b. Distinguish between APC & MPC.
12. a. Discuss Critically Friedman's Permanent Income Hypothesis of Consumption.
(or)
b. What is the Relative Income Hypothesis for explaining the aggregate consumption behaviour?
13. a. Explain Life Cycle Hypothesis.
(or)
b. What are the main implied generations of Absolute Income Hypothesis?
14. a. Evaluate the working of multiplier mechanism.
(or)
b. How Duesenberry has explained "ratchet effect" in consumption on the basis of past income Hypothesis?
15. a. Explain Keynes Psychological Law of Consumption with its limitations.
(or)
b. What measures can be adopted to raise propensity to consume.
16. a. Distinguish between Gross Investment and Net Investment.
(or)
b. Explain the factors influencing MEC.
17. a. Give the essentials of flexible acceleration theory of investment.
(or)
b. Distinguish between MEC & MEI.
18. a. Explain the profit theory of investment.
(or)
b. What is acceleratory? How does it differ from multiplier.
19. a. Explain and illustrate the new concept of super multiplier.
(or)
b. What are the characteristic of a business cycle.
20. a. Explain how business cycle can be controlled.

(or)

- b. What are the ceiling and floor points in Hicks explanation of business cycle.

21. a. How can Phillips curve be used to determine the effectiveness of monetary and fiscal policy?

(or)

- b. What were the circumstances under which Phillips curve collapsed?

22. a. Explain the trade off between inflation and employment.

(or)

- b. Explain the measures of controlling inflation.

23. a. Discuss the objectives of monetary management in a developing economy.

(or)

- b. Derive the IS and LM functions. How do they determine general equilibrium.

24. a. State and explain Keynes "Liquidity Preference theory of interest" illustrate its diagrammatically.

(or)

- b. What are the main motives that affect liquidity preference?

25. a. What monetary measures can be adopted to raise the level of employment?

(or)

- b. "Fiscal policy which came to supplement monetary policy has ended up by supplanting it" – Discuss.

PART –C

1. Explain the different methods of estimating National income.
2. Bring out the need and importance of national income for economic analysis and policy?
3. An increase in GNP does not necessarily mean an increase in the welfare of people-comment.
4. Explain the income and expenditure methods of measuring national income?

5. Discuss how the changes in the size and pattern of distribution of national income affect Economic Welfare.
6. State and explain Say's Law of Market. On what ground did Keynes refute it?
7. Explain Keynesian view on saving – investment equality?
8. Describe the Keynesian model of income and employment. Why is it regarded as "too static" and "too aggregative"?
9. Compare the classical and Keynesian model of income, employment determination and point out the fundamental difference between the two.
10. "Flexibility in wage rate is a necessary condition to full employment". Comment.
11. Critically examine the concept of Foreign Trade Multiplier.
12. "Keynes consumption function is a major landmark in the history of economic literature" – Comment.
13. What is mean by consumption function? Explain why the consumption function curve tend to flatter to the right?
14. Distinguish between APC and MPC? Explain the various factors which govern the propensity to consume?
15. Discuss the various empirical and theoretical attempts made to reconcile the long term and short term consumption functions.
16. What is business cycle? Describe the various phases of a business cycle.
17. "Fluctuation in the inducement to invest depend upon changes in MEC" – Discuss.
18. Discuss any two monetary and non-monetary theories of Business Cycle.
19. Explain the fixed and flexible version of acceleration theory of investment.
20. Discuss the Keynesian theory of investment multiplier. What are the possible leakages in the multiplier mechanism?

21. Explain Hicks-Hansen's IS – LM model of general equilibrium.
22. Explain the long run shifting of Phillips curve with a note as the modification to the long run Phillips curve analysis.
23. Explain clearly the adaptive expectations model of inflation.
24. Explain the relationship between inflation and unemployment in terms of Rational Expectation Theory.
25. Explain the nature of Friedman's long run Phillips curve.

-----&-----

MONETARY THEORY AND POLICIES**I. Define the Following**

1. Liquid money.
2. Velocity of money
3. Fiat money
4. Near money
5. Monetary standard
6. Galloping inflation
7. Legal Tender Money
8. Value of Money
9. Equation of exchange.
10. Inflation
11. Deflation
12. Capital Market
13. Liquidity trap
14. Inside money
15. Outside money
16. Wealth Effect
17. Real Balance Effect
18. Time lag
19. Selective credit control
20. Net liquidity ratio
21. Statutory liquidity ratio
22. Excess Reserves
23. Required Reserve Ratio
24. Cash Reserve Ratio
25. Zero rate of interest

II. State whether the following statements are True or False

1. Classical economists regarded money as no more than a medium of exchange.
2. A rise in bank rate is a strong anti – deflationary monetary tool.
3. The deposits of commercial banks are known as secondary deposits.
4. Friedman believes that monetary policy is extremely effective.
5. A reduction in interest rates will tend to expand the speculative demand for money.
6. Keynes theory could not be applied to India because of structural problem.
7. Money supply is governed by central bank.
8. Rate of interest is linked to money demand through transaction motive.
9. 'Supply creates its own demand', is advocated by J.B. Say.
10. General Theory of Employment, Interest, and Money was written by J.M. Keynes
11. RBI is known as the Apex Bank of India.
12. State Bank of India is known as Bankers Bank
13. Demand Drafts are legal tender money.
14. Cost push inflation is caused by an increase in profit margins
15. The quantity theory according to Milton Friedman is a theory of money supply.
16. Pigou's cash balance equation is $P = KR / M$
17. Housing Finance is a part of Non Banking financial company
18. Credit creation takes place when the banks lend money.
19. Treasury bills are usually for a period of 91 days.
20. Bill market is an important part of the money market where short term bills are
bought and sold.
21. In India we follow branch banking system.

22. Britain follows unit banking system.
23. U.S.A follows unit banking system.
24. The central bank of Britain is known as Federal Bank.
25. Unit banking system was popular in U.S.A.
26. The first organized stock exchange in India was started in 1877.
27. The Scheduled Banks do not come under commercial banks.
- | | | | | | | | | | |
|-----|------|-----|-------|-----|------|-----|------|-----|-------|
| 1. | True | 2. | False | 3. | True | 4. | True | 5. | True |
| 6. | True | 7. | True | 8. | True | 9. | True | 10. | True |
| 11. | True | 12. | False | 13. | True | 14. | True | 15. | False |
| 16. | True | 17. | True | 18. | True | 19. | True | 20. | True |
| 21. | True | 22. | False | 23. | True | 24. | True | 25. | True |

III. Fill in the Blanks

- Keynes assumes Money to be -----.
- Major commercial banks in India were nationalized in-----
- Coins are issued by-----
- Monetary Policy is formulated by-----
- Hundred rupee notes has the signature of-----.
- The cost of money is also the-----
- "Quantity theory is fundamentally a theory of demand for money", stated by -----
- The external value of money may fall owing to-----.
- Capital market provides-----
- Keynes' quantity equation is-----
- Fishers quantity equation is-----
- The commercial banks power of credit creation is limited by-----
- The price of a fountain pen is Rs. 5 in a shop, in this case, money serves as -----
- The investment policy of a commercial bank is based on the twin objectives of --- And-----
- The primary reserve of a commercial bank is-----
- The secondary reserve of a commercial bank is-----
- The most perfect liquid asset of a bank is-----
- Inflation is a situation in which the -----consistently rises.
- is a Bankers' Bank.

20. The first organized stock exchange in India was started in -----
21. The Bank Rate Policy is one of the ----- credit control methods.
22. The quantity theory of money states that the price level is a function of -----
23. Keynes believes in the existence of -----equilibrium in the economy.
24. When the economy is in liquidity trap there cannot be a further fall in -

25. The modern monetary policy is based on-----adjustment process.
- | | | |
|-----------------------------------|----------------------------|------------------------|
| 1. Neutral | 2. 1969 | |
| 3. Government of India | 4. Monetary Authority | 5. Governor RBI |
| 6. Price | 7. Fisher | 8. Government policies |
| 9. Long term funds | 10. $n = p k$ or $p = n/k$ | 11. $M = PT$ |
| 12. RBI | 13. Medium of Exchange | |
| 14. Economic growth and stability | 15. Cash | 16. Deposits |
| 17. Cash | 18. General price | |
| 19. RBI | 20. 1877 | 21. Quantitative |
| 22. supply of money | 23. Unemployment | |
| 24. Rate of interest | 25. Structural | |

IV. Match the following:

- | | |
|--------------|------------------------------------|
| 1. Inflation | A. Over Drafts |
| 2. 'H' Money | B. Metallic money |
| 3. Coins | C. General rise in the price level |
| 4. OD | D. Apex bank |
| 5. RBI | E. High Powered Money |

Key: 1 – C, 2- E, 3- B, 4 – A, 5 - D

- | | |
|-------------------------|---------------------------------|
| 1. NBFIs | A. Cash balance approach |
| 2. Cambridge Economists | B. Speculative demand for money |
| 3. J.M.Keynes | C. LIC |
| 4. Fisher | D. Inventory theory approach |
| 5. Baumol | E. Quantity theory of money |

Key: 1 – C, 2- A, 3- B, 4 – E, 5 - D

- | | |
|--------------------------------------|-------------------------------|
| 1. Narasimhan Committee | A. Financial Reforms |
| 2. CRR | B. Reserve bank of India |
| 3. Foreign exchange regulation | C. Cash reserve ratio |
| 4. Monetary Policy | D. Decrease in profit |
| 5. 15. Cost push inflation
reduce | E. Management of money supply |

Key: 1 – A, 2- C, 3- B, 4 – E, 5 - D

- | | |
|--------------------------------|---|
| 1. Demand pull Inflation | A. Increase in money supply cant rate of interest |
| 2. Quantitative credit control | B. Increase in profit |
| 3. Liquidity trap | C. Long term funds |
| 4. Money market | D. Short term market |
| 5. Capital Market | E. Selective credit control |

Key: 1 – B, 2- E, 3- A, 4 – D, 5 - C

PART B

1. Point out the defects associated with the institution of money.
(or)
List out the determinants of money supply.
2. Explain the role of money in an economy.
(or)
Discuss the static and dynamic role of money.
3. Write a note on Fisher's Equation of exchange.
(or)
Examine Fisher's Quantity theory of money.
4. Briefly explain Baumol's inventory theory of money.
(or)
Explain the various components of money supply.
5. Explain the determinants of High Powered Money.
(or)
Write a note on money multiplier.
6. Explain the portfolio selection approach to the speculative demand for money.
(or)
What are the factors which influence the demand for money in Friedman's analysis?
7. What are the determinants of money multiplier?
(or)
Write a note on the Federal Bank of America.
8. Write a note on the Bank of England.
(or)
Explain the promotional functions of RBI
9. Explain the objectives and functions of NBFIs.
(or)

Examine monetary policy in India.

10. Distinguish between money market and capital market.

(or)

Explain the role of monetary policy in economic development.

11. Explain the various functions performed by a commercial bank.

(or)

What are the macro-economic goals of monetary policy according to Chakravarthi Committee

12. Explain the main features of Indian Money Market.

(or)

What are monetary policy lags?

13. Mention the important components of money supply in an economy.

(or)

What are the constituents of money market?

14. What are the recommendations of Narasimhan Committee to improve the banking system?

(or)

Explain the role and functions of SEBI.

15. Write a note on new issue market.

(or)

Write a note on secondary capital market

16. Explain the working of the Indian capital market.

(or)

Explain the indicators of monetary policy.

17. Demand for money is a declining function of the rate of interest – comment.

(or)

State the objectives of portfolio management by commercial banks.

18. What do you understand by neutral monetary policy? What are its difficulties?

(or)

What are the characteristics of a developed money market?

19. Distinguish between money market and capital market.

(or)

What are the functions and importance of capital market?

20. Point out the various features of money market.

(or)

What are the functions of money in a modern economy?

21. State the empirical measures of money.

(or)

What are the factors that affect speculative demand for money?

22. Write a note on Open Market Operation.

(or)

RBI acts as a banker's bank – comment.

23. Point out the various methods of Selective credit control.

(or)

What are the developmental functions of RBI?

24. Suggest measures to improve the Bill Market.

(or)

What are the defects of the Indian money market?

25. Explain Wealth Effect.

(or)

Explain liquidity trap.

PART C

1. Compare Fisher's version of the quantity theory of money with Cambridge version.
2. Explain the assumptions of Don Patinkin's real balance effect.
3. Briefly account for the suggestions of Narasimhan Committee report.
4. Discuss the causes of inflation. Suggest measures to control it.
5. How far has the RBI's monetary policy been successful in promoting economic growth?
6. Explain the role and achievements of Securities and Exchange Board of India in improving capital market in India.
7. Describe the role of the Indian Money market.
8. Explain Tobin's Portfolio analysis.
9. Describe the promotional and development functions of the RBI.
10. Discuss the characteristics of developed and underdeveloped money markets.
11. What is meant by High Powered Money? Explain.

12. Explain the credit control method adopted by RBI in India.
13. Discuss the relationship between money supply and High Powered Money.
14. Distinguish between qualitative and quantitative credit control. Which one is more effective during the times of inflation?
15. Discuss the Cambridge Cash Balance Approach to the Quantity Theory of Money.
16. What do you mean by value of money? What determines the value of money according to Fisher?
17. Analyze the inventory theory approach to the transactions demand for money. What is its relationship with the rate of interest theory of money?
18. Explain the Real Balance Effect. How does it differ from the Pigou Effect?
19. Use IS-LM framework to explain the joint determination of the rate of interest and the level of income.
20. Derive an IS-LM curve. Give their properties.
21. What are the goals of monetary policy? Explain in particular the trade off in these objectives.
22. What is meant by Capital market? Describe the main features of the Indian capital market.
23. Explain the main defects of the Capital market. Describe the measures that have been adopted in recent years to rectify them.
24. Explain the significance of selective credit controls. How do they operate and with what success?
25. Examine Milton Friedman's restatement Quantity Theory of Money.
26. Explain the factors affecting 'H'
27. Examine the Role of commercial banks in credit creation.
28. Explain the various types of inflation and their effect on the economy.
29. What are the goals objectives and targets of the monetary policy?
30. Discuss the defects of the Indian money market.

-----&-----

RESEARCH METHODOLOGY AND STATISTICS

I Define the following

1. Social Research
2. Concept
3. Sampling
4. Research Design
5. Action Research
6. Schedule
7. Socio-metric Scales
8. Abstract
9. Questionnaire
10. Pilot Study
11. Analysis of Data
12. Mean
13. Mean deviation.
14. Standard deviation.
15. Co efficient of variation.
16. Probability.
17. Mutually exclusive events
18. Binomial distribution.
19. Hypothesis.
20. Index numbers
21. Report writing
22. Oral report
23. Popular report
24. Bibliography
25. Index

II State whether True or False

1. Scientific Method is a systematic process.
2. Proper formulation of the problem provides a sense of direction to the research
3. Analogy is not a source of hypothesis.
4. In statistical hypothesis, the sample should be representative of the whole population.
5. Title of the Research Project should be precise.
6. Personal contact between the enumerator and the Interviewer becomes a sinequonon of the schedule.
7. Convenience Sampling is a form of Non-probability sampling.
8. Purposive Sampling is not economical.
9. Data may be collected by mail enquiry.
10. Editing is the first and foremost stage in data processing.
11. The most widely used form of scaling in survey research is Likert Scale.
12. Percentages are used in making comparison between two or more series of data.
13. Range is the best measure of dispersion.
14. In a moderately asymmetrical distribution, $D < MD < SD$.
15. The variance is equal to square of standard deviation.
16. Probability ranges from 1 to 10.
17. The mean of binomial distribution is np .
18. H_0 represents alternative hypothesis.
19. Non-Parametric test is also known as distribution free test.
20. The Circular of test is satisfied when $P_{01} \times P_{12} \times P_{20} = 1$
21. Interpretation is the task of drawing inferences from the collected facts.
22. Technical report is a report by a researcher for author researcher.
23. PhD dissertation is a report for administrator.
24. Bibliography is given in the preliminary pages of the research report.
25. The conclusion drawn from the study should be clearly related to the hypotheses

KEY

- | | | | | |
|-----------|----------|-----------|-----------|----------|
| 1. True | 2. True | 3. False | 4. True | 5. True |
| 6. True | 7. True | 8. False | 9. True | 10. True |
| 11. True | 12. True | 13. False | 14. True | 15. True |
| 16. False | 17. True | 18. False | 19. True | 20. True |
| 21. True | 22. True | 23. False | 24. False | 24. True |

III Fill in the Blanks.

1. The word 'Research' is derived from the _____ word.
2. Grouping of all related studies is called as _____.
3. The body of the report is given in _____ report.
4. Surveys are classified as general survey and _____.
5. Bibliography is important in preparing research _____.
6. A schedule is a device used in gathering _____.
7. Data processing consists of editing, coding and _____.
8. Mean refers to _____ value of the distribution.
9. Standard deviation is the most important measure of _____.
10. If the data is linear, _____ is an appropriate method.
11. Caption is an important component of a _____.
12. _____ may be defined as an item which occurs most frequently in a series of values.
13. When mean is 90 and variance is 81, CV _____.
14. CV of distribution is given by the formula _____.
15. Mean deviation is least when deviations are taken from _____.
16. Classical probability approach considers _____ cases.
17. Tossing a coin is a trial and getting a head or tail is a _____.
18. The sign test is one of the _____ tests.
19. The technique of analysis of variance was developed by _____.
20. Index numbers are specialised _____.
21. There are _____ types of reports.
22. The report meant for layman and the general public is _____ report.
23. Comprehensive layout of the research report should comprise (1) preliminary pages (2) _____ (3) The end matter.

24. Research report is a channel of communicating the _____ to the readers of the report.
25. The Popular report is one which gives emphasis on _____.

KEY

- | | | |
|-----------------------------|-------------------------------------|---------------------|
| 1. French | 2. Review of literature | |
| 3. Research | 4. Specific | 5. Design |
| 6. Information / Field data | 7. Tabulation | 8. Average |
| 9. Dispersion | 10. Least square method | 11. Research Report |
| 12. Mode | 13. 10 | |
| 14. $\sigma/x \times 100$ | 15. Median | 16. Equally Likely |
| 17. Event | 18. Non-Parametric | |
| 19. R.A.Fisher | 20. Averages | 21. Three |
| 22. Popular | 23. Text | |
| 24. Research Findings | 25. Simplicity / and Attractiveness | |

IV Match the Following

- | | |
|-------------------------------------|-------------------------------|
| 1. Action Research | A. Scientific Method |
| 2. Blue print of the proposed study | B. Previous Studies |
| 3. Hypothesis | C. Research Design |
| 4. Experimental Method | D. Classification of Research |
| 5. Review of Literature | E. Analogy |

Key: 1-D, 2 C -, 3- E, 4-A, 5- B

- | | |
|----------------------|-----------------------------|
| 1) Case Study | A. Stability |
| 2) Interview | B. Sampling |
| 3) Publications | C. Means of Collecting Data |
| 4) Reliability | D. Methods of Investigation |
| 5) Population | E. Secondary Data |
| 6) Averages | F. Statistical Tests |
| 7) Chi – Square Test | G. Mean |

Key: 1-D, 2- C, 3-E, 4-A, 5- B, 6-G, 7-F

- | | |
|-----------------------|---------------------------------|
| 1. Positional average | A. 3 Median – 2 Mean |
| 2. Empirical mode | B. L – S |
| 3. Range | C. Square of Standard deviation |
| 4. Variance | D. X-X bar |
| 5. Mean deviation | E. Median. |

Key: 1-E, 2- A, 3-B, 4-C, 5- D,

- | | |
|--------------------------------------|---------------------------|
| 1. James Bernoulli | A. Equally likely cases. |
| 2. Classical or a Priori probability | B. Level of significance. |
| 3. Testing of hypothesis | C. Index number. |
| 4. Normal distribution | D. Binomial distribution |
| 5. Unit Test | E. Mean = Median = Mode. |

Key: 1-D, 2- A, 3-B, 4-E, 5- C,

- | | |
|--|----------------------------|
| 1. Preliminary pages | A. Bibliography |
| 2. Layman and general public | B. Main body of the report |
| 3. Presentation, analysis and Interpretation of data | C. Multiple authorship |
| 4. Book lists | D. Table of contents |
| 5. et.al | E. Popular |

Key: 1-D, 2- E, 3-B, 4-A, 5- C,

Part B

1. (a) State the meaning of Social Research
(or)
(b) Write a note on "Action Research"
2. (a) Explain the meaning of Historical Research.
(or)
(b) Mention the benefits of Industrial Research.
3. (a) How to identify a Research Problem?
(or)
(b) Examine the Meaning of "Research Design".
4. (a) Explain the Important of Review of Literature.
(or)
(b) What is meant by "Sampling Design?".
5. (a) State the types of Surveys.
(or)
(b) Mention the importance of Case Study Method.
6. (a) What are the sources of Secondary Data?
(or)
(b) Explain the advantages of Mail Surveys.

7. (a) Write a note on "Pilot Study".
(or)
(b) What do you mean by "Schedule"?
8. (a) Define "Hypothesis" and Explain its significance.
(or)
(b) Distinguish between Null Hypothesis and Alternative Hypothesis.
9. (a) What are the advantages of Sampling?
(or)
(b) Write a note on "Probability Sampling"?
10. (a) What is meant by Non-Probability Sampling?
(or)
(b) Define "Sampling Error".
11. (a) State the merits of Arithmetic Mean.
(or)
(b) Mention the advantages of "Median" in Social Research Analysis.
12. (a) What do you mean by "Data Processing"?.
(or)
(b) Write a note on "Casual Analysis".
13. (a) What do you understand by dispersion?
(or)
(b) List out the various measures of dispersion?
14. (a) What are the uses of standard deviation?
(or)
(b) What are the merits and demerits of mean deviation?
15. (a) What are properties of a good measure of variation?
(or)
(b) What are the purposes of measuring variation?
16. a) What are the various approaches to probability?
(or)
(b) Explain the concept of probability distribution?
17. (a) Define normal distribution, state its properties.
(or)
(b) How does a normal distribution differ from a Binomial distribution?
18. (a) Explain Poisson distribution. How does it differ from a Binomial distribution?
(or)
(b) What are the properties of Poisson distribution?

19. (a) Distinguish between Type I error and Type II error in hypothesis Testing.
(or)
(b) Distinguish between parametric and non-parametric tests.
20. (a) What is 't' distribution? Explain its uses in testing the hypothesis.
(or)
(b) Explain briefly the various problems usually faced in the construction of index numbers.
21. (a) Write a brief note on the task of interpretation.
(or)
(b) Explain the need for interpretation.
22. (a) What are the techniques of interpretation?
(or)
(b) What are the precautions in interpretation?
23. (a) Explain the significance of report writing
(or)
(b) What are the different types of research reports?
24. (a) What are the characteristics of a good research report?
(or)
(b) State the different stages of research.
25. (a) What are the guidelines for report writing?
(or)
(b) State and explain the mechanism of thesis writing.

PART – "C"

DESCRIPTIVE QUESTIONS.

1. Discuss the characteristics of Social Science Research.
2. Evaluate Qualities of a Good Researcher.
3. Explain the types of Research Design.
4. What are the problems in formulating Hypothesis?
5. Explain the criteria of Good Research Design.
6. Examine Components of Observation.
7. Explain Experimental Method

8. How to Construct a Schedule?
9. Discuss characteristics of Sampling.
10. Explain Methods of Collecting Data.
11. "Analysis and Interpretation of Data are the creative aspect of "Research" Comment.
12. Describe measures of variability in Social Research.
13. Why is standard deviation considered to be the most reliable measure of dispersion?
14. Critically examine the different methods of measuring variation.
15. Distinguish between variance and co efficient of variation Also state the uses of co efficient of variation.
16. Explain the importance of probability in applied economic research.
17. What is meant by theoretical distribution? Explain the salient features of the Binomial, Poisson and Normal distribution.
18. Explain the procedure generally followed in testing of hypothesis.
19. Briefly describe the important parametric tests used in the context of testing of hypothesis.
20. What is the Fisher's ideal index number? Prove that it satisfies both the time reversal factor reversal tests.
21. Explain the technique and importance of oral presentation of research findings. Is only oral presentation sufficient?. If not, why?
22. What is an oral report and what are the guidelines to oral report presentation?
23. Mention the different types of report, particularly pointing out of the difference between a technical report and a popular report.
24. Explain the significance of a research report and narrate the various steps involved in writing such a report.
25. Describe, in brief, the layout of a research report, covering all relevant points.

PUBLIC FINANCE**PART A****I Define the following:**

1. Define public goods.
2. Define social welfare function.
3. State majority voting.
4. What is meant by functional finance?
5. State the Pareto's optimality.
6. Outline the meaning of revenue expenditure.
7. Outline the meaning of social insurance.
8. Define social cost.
9. What is meant by market failure?
10. What is meant by Pigou's classification of public expenditure?
11. Outline the meaning of VAT.
12. What is cost-benefit analysis?
13. Define commodity tax.
14. Mention any important four canons of taxation.
15. Mention any two sources of revenue of the Union Government.
16. Who presents the railway budget?
17. Give the meaning of zero based budgeting.
18. State the meaning of performance budget.
19. What are the methods of raising public debt?
20. Outline the meaning of debt management.
21. Who is the chairman of the Eleventh Finance Commission?
22. State any two aims of fiscal policy.
23. State any two recommendation of Chelliah Committee (1991).
24. Define fiscal policy.
25. Why the need of Local finance?

II State whether the statements are true or false:

1. Market failure arises when consumption is rival but exclusion is not feasible.
2. Public goods and externalities are not unrelated.
3. Classical economist advocated minimum function of states.
4. Public finance deals with the income and expenditure of the individuals.
5. Normative analysis involves value judgements.
6. The value of a public good is related by its market price.
7. In education benefit are easy to quantify when compared to cost.
8. Income redistribution in favour of the rich necessarily leads to higher investment and higher income.
9. The money burden of a tax resting on the ultimate tax payer is called tax incidence.
10. Under benefit approach the tax payers share the burden of taxes in accordance with their income capacity.
11. Parliamentary control is one of the methods of controlling public expenditure.
12. Sales tax is an indirect tax
13. Impact of a tax can be shifted.
14. A tax which is paid by a person on which it is imposed is an indirect tax.
15. According to benefit principle people who receive more benefits should pay more tax
16. Zero –based budgeting refers to performance budgeting.
17. Funded debts are long term debts.
18. In India, budget is presented in the month of April.
19. Deficit financing would always mean additional issue of currency notes.
20. Deficit financing is always pro inflationary in nature.
21. In federal economy, Local governments are not included in the public sector.
22. Capital budget comprises capital receipts and expenditures of the government.
23. The functional classification covers only the expenditure and not the receipts
24. Monetized deficits net increase in net Reserve Bank of India credit to central Government.

25. The object of fiscal policy relate to allocation function, distribution function, stabilization function, and economic growth.

KEY

1. True	2. True	3. True	4. False	5. True
6. False	7. True	8. True	9. True	10. False
11. True	12. True	13. True	14. False	15. True
16. True	17. True	18. False	19. True	20. True
21. False	22. True	23. True	24. True	25. True

III Fill in the blanks:

- India is an example for -----economy.
- Negative externalities is one where social -----outweigh social -----
- In any economy resources are not only scarce but they also have -----uses.
- Fiscal economics is the study of -----of the government.
- Social security includes -----and social assistance.
- Preto's optimality deals withsocial advantages.
- The avoidance of deficit in public expenditure is called canon of -----
- The basic principle governing the public expenditure is -----
- PDS stands for-----
- Defense expenditure constitutes about -----percent of the total expenditure of the central government.
- The alternative name for the benefit theory of taxation is-----
- The best system of taxation has the best -----effects.
- Income from agriculture is-----
- Tax on entertainment is not a -----tax
- is one of the forms of debt redemption.
- The technique of presenting government operations in terms of functions, programmers, activities and projects is called ----- budgeting
- Grants may be specific or-----
- Deficit budget one where -----exceeds-----
- The budget is generally financial plan for -----year.
- The refusal to repay the principal and interest by the government is called ----

- means the finance of the central as well as state governments.
- Pump priming is one of the instruments of -----policy.

23. The relation between central and state finance is called -----finance.
 24. The basic step in controlling inflation is ----- aggregate demand.
 25. First Finance Commission appointed in the year-----

Key

- | | |
|-------------------------------|--|
| 1. Mixed | 2. Cost, Benefit |
| 3. Alternative | 4. Finance |
| 6. Maximum | 5. Insurance |
| 9. Public Distribution System | 7. Economy |
| 12. Desirable | 8. Maximum Social Advantage |
| 14. Direct | 10. 21 |
| 17. Conditional | 11. The cost of service theory |
| 19. One | 13. Should be included in the total income for Tax purpose |
| 22. Fiscal | 15. Refunding |
| 24. Reducing | 16. Programme |
| | 18. Expenditure, Revenue |
| | 20. Repudiation |
| | 21. Public Finance |
| | 23. Federal |
| | 25. 1951 |

IV Match the Following

1. Colgate tooth paste
2. Special assessment
3. Developmental expenditure
4. Public debt
5. Fiscal policy

- A. Full employment
- B. Capital levy
- C. Private good
- D. Non tax –revenue
- E. Education

Key : 1. C 2. D 3. E 4. A 5. B

1. Finance Commission
2. Tax reforms
3. Infrastructure
4. Planning Commission
5. Centre State relationship

- A. Rajah Chellaiah
- B. Rakes Mohan
- C. C.Rangarajan
- D. Sarkaria.
- E. Mahalanobis

Key: 1. C 2. B 3. A 4. E 5. D

1. Increasing state activities
2. Tolerance level of taxation
3. Administrative revenue
4. Canons of Taxation
5. Concentration Theory

- A. Canard
- B. Adam Smith
- C. Colin Clark
- D. Taylor
- E. Wagner

Key: 1. E 2. C 3. D 4. B 5. A

- | | |
|---|-----------------|
| 1. Principle of Maximum Social Advantage | A. C.Rangarajan |
| 2. X11 Finance Commission | B. Pigou |
| 3. Cannons of taxation | C. Dalton |
| 4. Principle of Maximum aggregate Welfare | D. Shirras |
| 5. Cannons of public expenditure | E. Adam Smith |

Key: 1. C 2. A 3. E 4. B 5. D

- | | |
|-----------------------------|---|
| 1. Revenue Deficit | A. Total expenditure-Revenue receipts |
| 2. Budget Deficit | B. Net increase of Treasury Bills by RBI and its market borrowings of government. |
| 3. Monetized deficit | C. Total expenditure – Total receipt |
| 4. Balance of Trade deficit | D. Revenue expenditure- Revenue receipts. |
| 5. Fiscal deficit | E. Exports being lesser than imports. |

Key: 1. D 2. C 3. B 4. E 5. A

PART –B

1. (a) Why the market mechanism alone cannot perform economic functions?
(Or)
(b) What are merit goods?
2. (a) Explain the normative aspects of public finance.
(Or)
(b) Enumerate the implications of social welfare function.
3. (a) What are public goods?
(Or)
(b) What are the main factors influencing Pareto optimality?
4. (a) why should public goods be produced under public sector?
(Or)
(b) Discuss the role of public sector in a mixed economy.
5. (a) Outline the condition of optimality.
(Or)
(b) Describe positive and normative analysis in economics.
6. (a) Explain the advantage of social cost benefit analysis from the point of view planning.
(Or)
(b) Write a note on Wagner's law of increasing state activity.
7. (a) Present the rationale of the public expenditure programmes for the poor.
(Or)
(b) Explain the canons of public expenditure.
8. (a) Examine Musgrave`s theory of public expenditure.
(Or)
(b) What are the limitations of cost-benefit analysis as a determinant of public expenditure?

9. (a) How will you apply cost-benefit analysis for testing the efficiency of public expenditure?
(Or)
(b) Distinguish between developmental and non-developmental expenditure.
10. (a) Highlight the need for social expenditure from the angle of redistribution.
(Or)
(b) Explain the objectives of public expenditure.
11. (a) Outline Ability to pay theory of taxation.
(Or)
(b) Explain the main features of the indirect tax structure in India.
12. (a) Outline alternative concepts of incidence of taxation.
(Or)
(b) What are the elements of good tax policy?
13. (a) What are the factors affecting incidence of tax?
(Or)
(b) State the merits of direct taxes.
14. (a) Distinguish among impact, shifting and incidence of tax.
(Or)
(b) Discuss the role of sales tax.
15. (a) Explain the main features of the indirect tax structure in India.
(Or)
(b) How do you measure tax incidence and the degree of progression and regression of a tax?
16. (a) Discuss the arguments for and against balanced budget.
(Or)
(b) How is debt burden is estimated?
17. (a) Briefly describe the methods of deficit financing.
(Or)
(b) What is a performance budget?
18. (a) Give an account of zero-based budgeting.
(Or)
(b) What are the basic principles of public debt management?
19. (a) What is Planning-Programming budgeting system?
(Or)
(b) Assess the implications of deficit budgeting.
20. (a) Differentiate between a revenue budget and a capital budget.
(Or)
(b) What are the causes for unbalanced budget?
21. (a) what are the instruments of fiscal policy?
(Or)
(b) What do you mean by vertical and horizontal imbalance in federal finance?
22. (a) Mention the objectives of fiscal policy in India.
(Or)

- (b) Examine the principles of federal finance.
23. (a) Analyse the role of fiscal policy for economic stabilization.
(Or)
(b) Explain the role of grants-in-aid in a federal structure.
24. (a) What are the limitations of fiscal policy?
(Or)
(b) Discuss the theory of federal finance.
25. (a) Give an note on the role of fiscal policy in India.
(Or)
(b) What are the differences between planning commission and finance commission?

PART – C

1. Critically examine the changing perspective about the role of government in organised society.
2. Discuss the role of public sector in a mixed economy.
3. Explain the various characteristics of pure public goods.
4. Elucidated the theory of public good.
5. Discuss the alternative economic systems and their rationale economic systems and their rationale from the point of view of promoting social welfare.
6. Examine the role of cost-benefit analysis and its limitations in public investment programmes.
7. Describe the effectiveness of public expenditure programmers to remove the problems of poverty in less developed countries.
8. Discuss the structure and growth of public expenditure in India.
9. Analyse the causes for the growth of public expenditure. How will you control it?
10. Examine Musgrave's theory of public expenditure.
11. Describe the ability to pay and benefit theory of taxation of Bowen and Lindahl.
12. Examine how far commodity taxes can be used as an instrument to reduce income inequalities.
13. Evaluate the case far and against direct taxes and indirect taxes in Indian economy.

14. Explain the various tax reforms undertaken by the government of India.
15. Enumerate the tax reforms suggested by Raja Chellaiah Committee.
16. Examine the features and shortcomings of programme and performance budget.
17. Discuss the different methods of repayment of public debt.
18. State how budget can be used as an instrument for achieving stability and full employment.
19. Explain in detail the different stages in the budgetary procedure in India.
20. Illustrate zero-base budgeting concept. Explain why it is considered to be good for developing countries.
21. Evaluate the effectiveness of fiscal policy in developing countries to attain "economic growth with stability".
22. Explain the causes of friction between central state financial relations in India and suggest suitable measures for these frictions.
23. Discuss the role of fiscal policy in economic development of India.
24. Outline the principles of fiscal federalism and assess the extent to which those principles have been observed in the Indian federal system.
25. What are the main problems encountered by local bodies in raising revenues? Suggest remedies.

-----&-----