

D 51832

(Pages : 2)

Name.....

Reg. No.....

**THIRD SEMESTER (CBCSS—UG) DEGREE EXAMINATION  
NOVEMBER 2023**

Economics

ECO 4 (3) C01—INTRODUCTORY ECONOMICS—II

(2019—2022 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. Main objective of monetary policy.
2. Exchange rate.
3. The Finance Commission.
4. NITI Aayog.
5. Demand pull and cost push inflation.
6. Credit creation.
7. Foreign exchange market.
8. Direct tax and indirect tax.
9. Capital expenditure.
10. Deficit financing.
11. Public Finance.
12. FRBM Act.
13. Disguised unemployment.
14. Devaluation.
15. Malnutrition.

**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. Differentiate between fixed exchange rate system and flexible exchange rate system.
17. Define public debt and its major classifications. Identify the causes of public debt.
18. Explain the primary and secondary functions of money.
19. Explain Fischer's quantity theory of money.
20. Define inflation. Explain the causes of inflation.
21. Describe the demographic trends of India.
22. Examine the basic features of Indian economy.
23. Differentiate between internal trade and external trade.

**Section C (Long Essay Questions)**

*Answer any **two** questions.*

*Each question carries a maximum of 10 marks.*

24. What do you mean by a Central Bank ? Discuss the functions of RBI as the central bank in India.
25. Define monetary policy. Describe the quantitative and qualitative instruments of monetary policy.
26. Explain the principle of maximum social advantage.
27. Distinguish between balance of trade and balance of payments, what are the three main accounts of balance of payments ?

(2 × 10 = 20 marks)

D 51832-A

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ECO 4 (3) C01—INTRODUCTORY ECONOMICS—II

(2019—2022 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. Which of the following are not methods of credit control ?
  - (A) Bank rate.
  - (B) Rationing credit.
  - (C) Issue of notes.
  - (D) Direct action.
3. 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.
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. Which is/are the determinant/s of private investmentc ?
  - (A) Prospective income from the capital asset;
  - (B) Supply price of the capital asset;
  - (C) The rate of interest;
  - (D) All of the above.
6. The quantity theory of money first propounded in 1588 by an Italian Economist.
  - (A) David Hume.
  - (B) Davanzatti.
  - (C) J.S. Mill.
  - (D) Ricardo.

7. The number of times a unit of money exchanges hands during a unit period of time is known as :
- (A) Velocity of the circulation of money.
  - (B) Speed of circulation of money.
  - (C) Momentum of circulation of money.
  - (D) Count of circulation of money.
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. During inflation, who suffers the most ?
- (A) Wage and salary earners.
  - (B) Creditors.
  - (C) Debtors.
  - (D) Businessman.
10. According to the monetarists, inflation is caused by :
- (A) Supply shocks.
  - (B) Expansionary fiscal policies.
  - (C) Expansionary monetary policies.
  - (D) Government regulations.
11. What is the Reserve Deposit Ratio ?
- (A) The proportion of money RBI lends to commercial banks.
  - (B) The proportion of total deposits commercial banks keep as reserves.
  - (C) The total proportion of money that commercial banks lend to the customers.
  - (D) None of the above.
12. The fundamental function of a commercial bank is :
- (A) Acceptance of deposits.
  - (B) Advancing loans.
  - (C) Issuing Bank Draft.
  - (D) Creating credit.
13. Public Goods are :
- (A) Excludable.
  - (B) Non-excludable.
  - (C) Marketable.
  - (D) All of these.

Turn over

14. Which is the tax shifting ?
- (A) To bear the tax burden himself.
  - (B) To shift the tax burden on others.
  - (C) To bear some part of the tax himself and shift the rest on others
  - (D) B and C.
15. 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.
16. \_\_\_\_\_ is the deliberate downward adjustment in the official exchange rate, reduces the currency's value.
- (A) Devaluation.
  - (B) Depreciation.
  - (C) Revaluation.
  - (D) Appreciation.
17. Which among following is an implication of revaluation ?
- (A) Revaluation makes the country's exports relatively more expensive.
  - (B) Revaluation makes foreign products relatively more expensive for domestic consumers, thus encouraging imports.
  - (C) Revaluation helps to reduce the country's exports to reduce the current account surplus.
  - (D) All the above.
18. PDS Stands for :
- (A) Public Distribution System.
  - (B) Public Division System.
  - (C) Price Distribution System.
  - (D) All of these.
19. Regional Rural Bank were started in \_\_\_\_\_.
- (A) 1969.
  - (B) 1972.
  - (C) 1975.
  - (D) 1991.
20. The worst form of land tenurs system was \_\_\_\_\_.
- (A) Zamindari.
  - (B) Riotwary.
  - (C) Mahalwari.
  - (D) All of the above.