

Program: F.Y.Bcom (A & F) Semester: II Program Code: UGAF03  
 Course: ECONOMICS- II Course Code: NUAF103

Duration: 2 Hour Examination Pattern: NEP- Autonomous- External Max. Marks: 60

**Instructions:**

1. All questions are compulsory.
2. Figures to the right indicate full marks.
3. Draw neat diagrams wherever necessary.

**Examination:**  
**REGULAR**

Q. 1		[15]	Course Outcome	Knowledge Level
	(a) Fill in the blanks with an appropriate answer from the alternatives given.	[08]	CO1	LI
	<b>I</b> Which of the following measurements indicate how national income is distributed?			
	(a) GDP	(b) GNP		
	(c) NNP	(d) Per Capita Income		
	<b>II</b> Closed economy means _____			
	(a) Absence of International trade	(b) Absence of Consumption		
	(c) Absence of Government	(d) Absence of Firm		
	<b>III</b> Which one is not the sector in four sector model of circular flow?			
	(a) Firm	(b) Household		
	(c) Foreign Sector	(d) Primary Sector		
	<b>IV</b> GDP in an open economy is _____			
	(a) $GDP = C + I + G$	(b) $GDP = C + I + G + (X-M) + (R-P)$		
	(c) $GDP = C + I + G + (X-M)$	(d) $GDP = C + I$		
	<b>V</b> In India GDP will be _____ than GNI			
	(a) Larger	(b) Smaller		
	(c) Equal	(d) All of the above		
	<b>VI</b> The aggregate supply curves slopes towards _____			
	(a) Upwards to the Right	(b) Upwards to the left		
	(c) Downwards to the right	(d) Downwards to the left		
	<b>VII</b> Effective demand is identified with the _____ for goods and services .			
	(a) Total Supply	(b) Aggregate supply		
	(c) Aggregate Demand	(d) Total Demand		

	<b>VIII</b>	An increase in the marginal propensity to consume will				
	(a)	Lead to consumption function becoming steeper	(b)	Shift the consumption function upwards		
	(c)	Shift the consumption function downwards	(d)	Shift the saving function upwards		
	<b>(b)</b>	<b>State whether the following statements are true or false.</b>		<b>[07]</b>	<b>CO2</b>	<b>L1</b>
	<b>I</b>	Money supply includes currency with the public and demand deposits with banks.				
	<b>II</b>	Velocity of circulation of money refers to the number of times money changes hands in a year.				
	<b>III</b>	Keynes introduced the liquidity preference theory of interest.				
	<b>IV</b>	Fisher's equation of exchange explains the relationship between money supply and price level.				
	<b>V</b>	According to the classical theory, interest rate plays a key role in determining demand for money				
	<b>VI</b>	Fixed income groups are adversely affected by inflation.				
	<b>VII</b>	Increase in repo rate helps in reducing inflationary pressure.				
<b>Q. 2</b>	<b>Attempt any TWO of the following.</b>			<b>[15]</b>	<b>Course Outcome</b>	<b>Knowledge Level</b>
	<b>(a)</b>	Explain the different phases of the Trade cycle in detail.		<b>[07]</b>	<b>CO1</b>	<b>L2</b>
	<b>(b)</b>	State Fisher's Equation of exchange in detail.		<b>[08]</b>	<b>CO2</b>	<b>L1</b>
	<b>OR</b>					
	<b>(c)</b>	Describe the three sector Economy with the help of a suitable diagram.		<b>[07]</b>	<b>CO1</b>	<b>L2</b>
	<b>(d)</b>	State the Keynesian approach to demand for money in detail.		<b>[08]</b>	<b>CO2</b>	<b>L1</b>
<b>Q. 3</b>	<b>Attempt any TWO of the following.</b>			<b>[15]</b>	<b>Course Outcome</b>	<b>Knowledge Level</b>
	<b>(a)</b>	Illustrate the canons of taxation in detail.		<b>[07]</b>	<b>CO3</b>	<b>L3</b>
	<b>(b)</b>	Distinguish between International trade and Domestic Trade		<b>[08]</b>	<b>CO4</b>	<b>L4</b>
	<b>OR</b>					
	<b>(c)</b>	Classify the types of public debt with suitable examples.		<b>[07]</b>	<b>CO3</b>	<b>L3</b>
	<b>(d)</b>	Examine the major arguments for free trade.		<b>[08]</b>	<b>CO4</b>	<b>L4</b>

<b>Q.4</b>	<b>Case-study</b>	<b>[15]</b>		
<b>1.</b>	<p><b>Inflationary Pressures in a Growing Economy</b>  The economy of a developing country has been growing rapidly due to increased government expenditure on infrastructure projects. Tax reductions and higher salaries in the service sector have raised disposable income of people. Consumers are spending more on housing, automobiles, food, and lifestyle products. Easy availability of credit has further boosted consumption demand. At the same time, production capacity in many industries has remained limited. Supply of goods and services has not increased proportionately with rising demand. Additionally, firms are facing higher input costs due to rising fuel prices and wages. Transportation and raw material costs have increased significantly. As a result, the general price level in the economy has been continuously rising.</p> <p><b>Questions:</b></p> <p>a. Explain how demand-pull inflation is operating in the above case.</p> <p>b. Explain how cost-push inflation is also contributing to inflation in this situation.</p>		<b>CO2</b>	<b>L1</b>

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