

MM:50

1. All questions are compulsory.
2. Marks allotted to each question are indicated against it.
3. Answers should be brief and to the point.

Q.no	Section- A (Macro Economics)	Marks
1.	The sum of factor payments by a firm is equal to _____. a) GVAp b) GVAf c) NVAp d) NVAf	1
2.	What will be the total deposits created by the commercial banks if the reserve requirements is 20%, and the amount of initial deposits is Rs. 200 cr. a) Rs.1000 cr b) Rs.2000 cr c) Rs.400 cr d) Rs.200 cr	1
3.	Ms.Sakshi, a teacher, was explaining the concept of “ <i>minimum percentage of the total deposits to be kept by any commercial bank with the central bank of the country, as per norms and statute prevailing in the country.</i> ” Identify the concept explained by her and choose the correct alternative: (i) Cash reserve ratio (ii) Repo Rate (iii) Statutory Liquidity ratio (iv) Bank Rate	1
4.	Explain the circular flow of income. Or, Differentiate between transfer income and factor income.	3
5.	(A) Suppose in an imaginary economy GDPmp in a particular fiscal year was Rs.4000 cr, National income was Rs.2500 cr, Net Factor income to the rest of the world was Rs.400cr and the value of Net Indirect Taxes is Rs.450 cr. Estimate the value of consumption of fixed capital for the economy from the given data. (B) Define NFIA.	3+1

6.	Elaborate the 'Banker's Bank and Supervisor' function performed by the Reserve Bank of India. <div>Or,</div> Elaborate the 'Government's Bank and Agent' function performed by the Reserve Bank of India.	4																																										
7.	Define credit multiplier and show the working of the credit multiplier, use a numerical illustration to explain.	4																																										
8.	<div>(A) On the basis of the given data, estimate the value of Domestic Income:</div> <table><tr><th>S.no</th><th>Items</th><th>Amount (Rs.in crores)</th></tr><tr><td>1</td><td>Compensation of employees</td><td>1600</td></tr><tr><td>2</td><td>Gross Fixed Capital Formation</td><td>650</td></tr><tr><td>3</td><td>Change in stock</td><td>40</td></tr><tr><td>4</td><td>Government Final Consumption Expenditure</td><td>1400</td></tr><tr><td>5</td><td>Net Exports</td><td>(-)400</td></tr><tr><td>6</td><td>Net Indirect Taxes</td><td>80</td></tr><tr><td>7</td><td>Net Factor Income to abroad</td><td>20</td></tr><tr><td>8</td><td>Consumption of Fixed Capital</td><td>50</td></tr><tr><td>9</td><td>Household Consumption Expenditure</td><td>2200</td></tr></table> <div>(B) Use the following information of an imaginary country:</div> <table><tr><th>Year</th><th>2017-18</th><th>2018-19</th><th>2019-20</th></tr><tr><td>Nominal GDP</td><td>8.5</td><td>10.4</td><td>11</td></tr><tr><td>GDP Deflator</td><td>100</td><td>140</td><td>125</td></tr></table> <div>(i) For which year is the Real GDP and Nominal GDP same and why?</div> <div>(ii) Is there any year in which the Real GDP falls?</div>	S.no	Items	Amount (Rs.in crores)	1	Compensation of employees	1600	2	Gross Fixed Capital Formation	650	3	Change in stock	40	4	Government Final Consumption Expenditure	1400	5	Net Exports	(-)400	6	Net Indirect Taxes	80	7	Net Factor Income to abroad	20	8	Consumption of Fixed Capital	50	9	Household Consumption Expenditure	2200	Year	2017-18	2018-19	2019-20	Nominal GDP	8.5	10.4	11	GDP Deflator	100	140	125	3+3
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9.	<p>(A) From the following data calculate Gross National Income by expenditure method:</p> <table border="1"> <thead> <tr> <th>S.no</th><th>Particulars</th><th>(Rs.in cr.)</th></tr> </thead> <tbody> <tr> <td>i)</td><td>Government final consumption expenditure</td><td>385</td></tr> <tr> <td>ii)</td><td>Compensation of employees</td><td>150</td></tr> <tr> <td>iii)</td><td>Net domestic capital formation</td><td>1550</td></tr> <tr> <td>iv)</td><td>Private final consumption expenditure</td><td>1220</td></tr> <tr> <td>v)</td><td>Factor income to abroad</td><td>180</td></tr> <tr> <td>vi)</td><td>Change in stock</td><td>15</td></tr> <tr> <td>vii)</td><td>Employer's contribution to social security scheme</td><td>10</td></tr> <tr> <td>viii)</td><td>Consumption of fixed capital</td><td>150</td></tr> <tr> <td>ix)</td><td>Interest</td><td>40</td></tr> <tr> <td>x)</td><td>Exports</td><td>140</td></tr> <tr> <td>xi)</td><td>Imports</td><td>65</td></tr> <tr> <td>xii)</td><td>Indirect taxes</td><td>30</td></tr> <tr> <td>xiii)</td><td>Factor income from abroad</td><td>110</td></tr> <tr> <td>xiv)</td><td>Subsidies</td><td>10</td></tr> </tbody> </table> <p>(B) How should the following be treated in the estimation of Domestic Income?</p> <p>(i) Profits earned by a branch of foreign bank in India?</p> <p>(ii) Compensation of employees to the residents of Japan working in the Indian Embassy in Japan.</p> <p style="text-align: center;">OR,</p> <p>(B) What are Non-monetary exchanges? Explain using a suitable example.</p>	S.no	Particulars	(Rs.in cr.)	i)	Government final consumption expenditure	385	ii)	Compensation of employees	150	iii)	Net domestic capital formation	1550	iv)	Private final consumption expenditure	1220	v)	Factor income to abroad	180	vi)	Change in stock	15	vii)	Employer's contribution to social security scheme	10	viii)	Consumption of fixed capital	150	ix)	Interest	40	x)	Exports	140	xi)	Imports	65	xii)	Indirect taxes	30	xiii)	Factor income from abroad	110	xiv)	Subsidies	10	4+2
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	<p>correct explanation of Assertion (A).</p> <p>(b) Both Assertion (A) and Reason (R) are true but Reason (R) is not a correct explanation of Assertion (A).</p> <p>(c) Assertion (A) is true and Reason (R) is false.</p> <p>(d) Assertion (A) is false and Reason (R) is true.</p>											
15.	<p>Identify the correct sequence of alternatives given in Column-II by matching with Column-I:</p> <table><tr><th>Column I</th><th>Column II</th></tr><tr><td>(a) Land Ceiling</td><td>i) Increase in production of food grains using HYV seeds</td></tr><tr><td>(b) Land Reforms</td><td>ii) Portion of agricultural produce sold in the market</td></tr><tr><td>(c) Green Revolution</td><td>iii) Fixing the maximum limit for land holding for an individual</td></tr><tr><td>(d) Marketed surplus</td><td>iv) Change in the ownership of land (land to the tillers)</td></tr></table>	Column I	Column II	(a) Land Ceiling	i) Increase in production of food grains using HYV seeds	(b) Land Reforms	ii) Portion of agricultural produce sold in the market	(c) Green Revolution	iii) Fixing the maximum limit for land holding for an individual	(d) Marketed surplus	iv) Change in the ownership of land (land to the tillers)	1
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16.	<p>Which of the following was not the feature of economic policy pursued under planning till 1991?</p> <p>a) Reliance on public sector c) free flow of foreign capital</p> <p>b) Import Substitution d) Self- reliance</p>	1										
17.	<p>‘While subsidies encourage farmers to use new technology, they are a huge burden on government finances.’ Discuss the usefulness of subsidies in the light of this fact.</p> <p style="text-align: center;">Or,</p> <p>Explain the need and type of land reforms implemented in the agricultural sector.</p>	3										
18.	<p>Why were reforms introduced in India in 1991?</p> <p style="text-align: center;">OR,</p> <p>What were the financial sector reforms under NEP-1991?</p>	3										
19.	<p>‘British rule adversely hampered the Industrial sector of India.’ Do you agree with this view? Give reasons in support of your answer.</p>	3										

20.	<p>Read the following text and answer the given questions:</p> <div data-bbox="326 279 1315 1005" style="border: 1px solid black; padding: 10px;"> <p>After forty years of planned development, India has been able to achieve a strong industrial base and became self-sufficient in the production of food grains. Nevertheless, a major segment of the population continues to depend on agriculture for its livelihood. In 1991, a crisis in the balance of payments led to the introduction of economic reforms in the country.</p> <p>India agreed to the conditionalities of World Bank and IMF and announced the New Economic Policy (NEP). The NEP consisted of wide ranging economic reforms. The thrust of the policies was towards creating a more competitive environment in the economy and removing the barriers to entry and growth of firms. This set of policies can broadly be classified into two groups: the stabilisation measures and the structural reform measures.</p> <p>Viewed from the Indian context, some studies have stated that the crisis that erupted in the early 1990s was basically an outcome of the deep rooted inequalities in Indian society and the economic reform policies initiated as a response to the crisis by the government, with externally advised policy package, further aggravated the inequalities.</p> </div> <p>i) Elucidate the meaning of the stabilisation measures and the structural reform measures.</p> <p>ii) India approached the _____ and the _____ for loan to manage the crisis.</p> <p style="text-align: right;"><i>(fill in the blanks)</i></p>	4
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