

Department of Humanities and Social Sciences
Indian Institute of Technology Kharagpur
End-Autumn semester Examination
V Yr. Int. M.Sc. Economics (III Year)

Sub: Indian Economy (HS30035)
Full Marks: 50

No. of students: 55 Approx.
Time: Three hours

Answer FIVE questions only. The 1st Question is compulsory. All questions carry equal marks.

1) Write the correct answer in the answer script.(10)

i) Unemployment results from

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|---------------------------------------|-----------------------------|
| a) the deficiency of effective demand | b) the deficiency of supply |
| c) the excess of effective demand | d) the excess of supply |

ii) Full employment means

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|---|---|
| a) a situation where there are more vacant jobs than employed men | b) the absence of involuntary unemployment |
| c) zero unemployment | d) a situation where employment can't be increased by an increase in effective demand |

iii) Stagflation refers to a situation characterized by

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|--------------------------------------|--------------------------------------|
| a) deflation and rising unemployment | b) inflation and rising employment |
| c) inflation and constant growth | d) stagnant employment and deflation |

iv) For a closed economy having no foreign trade which one of the following is correct?

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|----------------|----------------------|
| a) $GDP = GNP$ | b) $GDP > GNP$ |
| c) $GDP < GNP$ | d) none of the above |

v) A depreciation of a nation's currency equally causes internal or domestic prices to

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|---------|---------------------|
| a) rise | b) remain unchanged |
| c) fall | d) any of the above |

vi) MRTP is related to

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|---|---------------------------------|
| a) Monopolies and Restrictive Trade Practices | b) Foreign Exchange Regulations |
| c) Inflation control | d) Transport control |

vii) Interest rate is a part of

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|--------------------|----------------------|
| a) Fiscal policy | b) Industrial policy |
| c) Monetary policy | d) None of the above |

viii) Under flexible exchange rate system, the exchange rate is determined by

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| a) the forces of demand and supply in the foreign exchange market | b) the price of gold |
| c) the monetary authority of the nation | d) the quantum of forex reserves of the nation |

- ix)** Which of the following regulates share market in India?
a) MRTP Act
b) FERA
c) BIFR
d) SEBI
- x)** Which plan was terminated one year before the time schedule
a) First plan (1951-56)
b) Third plan (1961-66)
c) Fifth plan (1974-79)
d) Sixth plan (1980-85)
- xi)** The nationalization of major commercial banks in India took place in
a) 1947
b) 1956
c) 1969
d) 1980
- xii)** SDR is the currency of IMF which is in the form of
a) paper gold
b) silver and gold both
c) gold
d) none of the above
- xiii)** When the exchange rate changes from \$1=Rs 20 to \$1=Rs 18, the
a) rupee has depreciated
b) rupee has appreciated
c) pound has appreciated
d) none of the above
- xiv)** Devaluation of currency in a country is supposed to create
a) decrease in both imports and exports
b) decrease in imports and increase in exports
c) increase in both imports and exports
d) increase in imports and decrease in exports
- xv)** Which types of tax helps in reducing disparities of income?
a) Proportionate tax
b) Regressive tax
c) Progressive tax
d) All of the above
- xvi)** Which sector now constitutes the maximum share in National Income of India?
a) Primary
b) Tertiary
c) Secondary
d) All the above have equal share
- xvii)** Which was the aim of Antodaya program?
a) Elimination of urban poverty
b) Uplifting minorities
c) Improving the standards of scheduled castes
d) Helping the poorest among poor
- xviii)** Which measure comes under credit control adopted by Central Bank of the country?
a) Bank rate
b) Open market operations
c) Cash Reserve Ratio
d) All of the above
- xix)** What is OPEC?
a) The latest space shuttle of USA
b) Organization of oil producing companies of India
c) The latest space drive of Russia
d) Organization of petroleum exporting countries
- xx)** High fiscal deficit is a cause for concern of any economy. What does it denote?
a) It is a measure of the borrowings of an economy
b) It reflects the decrease in tax collections for the year
c) It is a total expenditure less total receipts excluding borrowings
d) It means lack of liquidity and earnings for an economy

2. Describe the role of agriculture in economic development. Discuss the trends in agricultural growth in India and explore the reasons for low productivity in Indian agriculture. (3+7)
3. Critically examine the pattern of industrial growth in India with special reference to industrial policy reforms. (10)
4. Establish the link between poverty, unemployment, inequality and economic growth in a developing economy like India. Make an appraisal of India's economic performance to understand whether the country is moving in the right direction or there is a need to reform the reform process. (4+6)
5. Distinguish between protective trade and liberal trade. Discuss India's foreign trade policy in different phases specially highlighting the most recent foreign trade policy-2015-20. (2+8)
6. Establish the link between infrastructure and development. Discuss the pattern of growth of infrastructure in India and its impact on India's economic environment (3+7)
7. Comment on the following statements and justify with suitable examples from Indian economy (5*2)
 - i. "Along with encouraging economic growth, the monetary policy has also to ensure price stability".
 - ii. Budget is the annual financial statement of a country which reflects its fiscal policy.