

B/5/13

IV/ECO (iv)

2013

(4th Semester)

ECONOMICS

FOURTH PAPER

(Macroeconomics—II)

Full Marks : 75

Time : 3 hours

(PART : B—DESCRIPTIVE)

(Marks : 50)

The figures in the margin indicate full marks for the questions

1. Examine the cash balance approach to the theory of value of money. Would you consider it to be superior to the transaction approach?

8+2=10

Or

Briefly discuss Fisher's equation of exchange. 10

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(Turn Over)

(2)

2. Describe the process of multiple credit creation by the commercial banks. 10

Or

Discuss how the central bank of a country seeks to control the volume of bank credit.

3. What are the nature and characteristics of trade cycles? Briefly explain how it is a purely monetary phenomenon. 4+6=10

Or

Critically discuss Hayek's over-investment theory of trade cycle. 10

4. Define inflation. Explain the causes of inflation. 2+8=10

Or

Explain how Phillips curve relates employment and inflation in the economy. 10

5. Discuss the neo-classical or Solow's model of economic growth. 10

Or

Discuss Harrod-Domar model of economic growth.

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ECONOMICS

FOURTH PAPER

(Macroeconomics—II)

(PART : A—OBJECTIVE)

(Marks : 25)

The figures in the margin indicate full marks for the questions

SECTION—A

(Marks : 10)

Tick (✓) the correct answer in the brackets provided : $1 \times 10 = 10$

1. High-powered money is also known as

(a) base money ()

(b) reserve money ()

(c) narrow money ()

(d) All of the above ()

2. Who states, "Bad money drives good money out of circulation, when both of them are full legal tender"?

- (a) Irving Fisher ()
- (b) Milton Friedman ()
- (c) John Maynard Keynes ()
- (d) Thomas Gresham ()

3. Which of the following is a qualitative or selective method of credit control in the hands of a central bank?

- (a) Bank Rate or Discount Rate Policy ()
- (b) Open Market Operations ()
- (c) Variable Cash Reserve Ratio ()
- (d) None of the above ()

4. Primary deposit in a commercial bank is also called

- (a) active deposit ()
- (b) passive deposit ()
- (c) derivative deposit ()
- (d) All of the above ()

5. During the upswing of a trade cycle, the central bank of a country will

(a) slightly lower the cash-reserve ratio ()

(b) lower down the cash-reserve ratio to the minimum ()

(c) raise the cash-reserve ratio ()

(d) not change the cash-reserve ratio ()

6. Which of the following refers to a moderate degree of controlled inflation?

(a) Reflation ()

(b) Deflation ()

(c) Stagflation ()

(d) Hyperinflation ()

7. Trade cycles are caused by

(a) fiscal factors ()

(b) monetary factors ()

(c) both monetary and non-monetary factors ()

(4)

8. Which of the following is not a function of commercial bank?

(a) Accepting deposits ()

(b) Creating credits ()

(c) Printing bank notes ()

9. During the phase of recovery

(a) aggregate demand remains constant ()

(b) aggregate demand increases ()

(c) aggregate demand decreases ()

10. Economic growth is measured as a percentage change in the

(a) gross domestic product ()

(b) gross national product ()

(c) Both (a) and (b) ()

(5)

SECTION—B

(Marks : 15)

Write short notes/Answer the following questions : 3×5=15

1. Functions of money

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(6)

2. What is derivative deposits?

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(7)

3. Concept of accelerator

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(8)

4. Inflationary gap

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(9)

5. Distinguish between growth and development.

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