

15 MAY 2015
IV/ECO (iv)

2015

(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

UNIT—I

1. Discuss the Cambridge cash balance approach to quantity theory of money. How far is it superior to the cash transaction approach? 6+4=10

Or

- Define money. Describe the various functions of money. 2+8=10

G15—1450/249a

(Turn Over)

UNIT—II

2. Explain the process of credit creation by commercial bank. 10

Or

Explain the quantitative instruments of credit control by Central Bank.

UNIT—III

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

Or

What is a trade cycle? Describe the various phases of a trade cycle.

UNIT—IV

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

Or

Discuss the various measures to control inflation in an economy.

(3)

UNIT—V

5. Discuss the neo-classical model of economic growth. 10

Or

Elaborate upon Harrod-Domar model of economic growth.

INSTRUCTIONS TO CANDIDATES

1. The Roll No. of this script should be written in the answer script according to the instructions given on the cover sheet.
2. The questions are to be answered in the answer script only. No rough work should be written on the question paper.
3. The questions are to be answered in the answer script only. No rough work should be written on the question paper.

Roll No. _____
Date / 2014 _____
Hall No. _____
Regn. No. _____
Subject _____
Paper _____
Description _____
Doubt No. _____

2015

(4th Semester)

ECONOMICS

FOURTH PAPER

(Macroeconomics—II)

(PART : A—OBJECTIVE)

(Marks : 25)

The figures in the margin indicate full marks for the questions

Answer all questions

SECTION—A

(Marks : 10)

Put a Tick (✓) mark against the correct answer in the brackets provided : 1×10=10

1. Who stated, "Money is what money does"?

(a) Milton Friedman ()

(b) Walker ()

(c) Irving Fisher ()

(d) Thomas Gresham ()

2. Fisher's cash transaction equation is expressed as

(a) $P = \frac{MV}{T}$ ()

(b) $K = \frac{M}{PT}$ ()

(c) $V = \frac{I}{K}$ ()

(d) $P = \frac{M}{KT}$ ()

3. Derivative deposit in a commercial bank is also called

- (a) active deposit ()
 (b) passive deposit ()
 (c) primary deposit ()
 (d) None of the above ()

4. Bank rate is

- (a) the rate of interest charged by banks on their loans ()
 (b) the rate of interest paid by banks on deposits ()
 (c) official discount rate at which the Central Bank re-discount approved bills of the commercial banks ()
 (d) the interest paid by commercial banks to their beneficiaries ()

5. A typical trade cycle is characterized by how many phases?

- (a) 2 ()
- (b) 3 ()
- (c) 4 ()
- (d) 5 ()

6. According to Keynes, fluctuation in trade cycle is mainly due to changes in

- (a) money supply ()
- (b) production level ()
- (c) aggregate demand ()
- (d) aggregate supply ()

7. The cost-push inflation is caused by an

- (a) increase in the aggregate demand for goods and services ()
- (b) increase in the demand for money ()
- (c) increase in the production costs ()
- (d) All of the above ()

8. Stagflation implies a situation of

- (a) high inflation and high unemployment ()
- (b) low unemployment and low inflation ()
- (c) high inflation and low unemployment ()
- (d) low inflation and high unemployment ()

9. Economic growth can be best measured in terms of changes in

- (a) GDP per head in agricultural sector ()
- (b) real national income per head ()
- (c) GDP per head of the working population ()
- (d) All of the above ()

10. Neo-classical growth model considered two-factor production function with

- (a) technology and output ()
- (b) capital and labour ()
- (c) labour and technology ()
- (d) capital and technology ()

(5)

SECTION—B

(Marks : 15)

Write short notes on :

3×5=15

1. High-powered money

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2. Meaning of commercial bank

Write short notes on :
(Marks : 12)

1. High-powered money
- (a) High-powered money is the total amount of currency in circulation and the reserves held by commercial banks at the central bank.
 - (b) It is the sum of currency in circulation and the reserves held by commercial banks at the central bank.

2. Economic growth can be best measured in terms of changes in

- (a) GDP per head in real terms
- (b) Real national product
- (c) GDP per head in nominal terms
- (d) All of the above

10. New classical growth model is based on the idea that the production function will

- (a) include the government
- (b) include the market
- (c) include the technology
- (d) include the capital and labour

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(7)

3. Concept of an accelerator

→ Causes of inflation

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4. Causes of inflation

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(9)

5. Technical progress

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