

Subject Code : ECO/IV/04

MAY 2016

Booklet No. A 291

MAY 2016

ECO/IV/04

2016

(4th Semester)

ECONOMICS

FOURTH PAPER

(Macro-economics—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 Fisher's version of the quantity theory of money. 10

Or

Define paper currency standard. Discuss the principal merits of paper currency standard over metallic standard. 4+6=10

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UNIT—II

2. What is a bank? Discuss the functions of a commercial bank. 2+8=10

Or

Discuss different measures taken by the Central Bank to control the volume of bank credit. 10

UNIT—III

3. Discuss the main characteristics of a trade cycle. Also discuss the view that the trade cycle is a purely monetary phenomenon. 4+6=10

Or

Outline the policies that can be used to control cyclical fluctuations in trade cycles. 10

UNIT—IV

4. What is inflation? How can inflation be controlled? 3+7=10

Or

Discuss the effects of inflation on production and distribution. 10

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UNIT—V

5. Discuss Solow's model of economic growth. 10

Or

Discuss how technical progress accelerates economic growth. 10

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2016

(4th Semester)

ECONOMICS

FOURTH PAPER

(Macro-economics—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. Barter system means

- (a) purchase of commodity with money ()
- (b) sale of commodity with money ()
- (c) purchase and sale of commodity with commodity ()
- (d) None of the above ()

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

- (a) Milton Friedman ()
- (b) Thomas Gresham ()
- (c) Irving Fisher ()
- (d) J. M. Keynes ()

3. Primary deposit in a commercial bank is also called

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

4. Which of the following is not a function of Central Bank?

- (a) Enjoys monopoly of note issue ()
- (b) Acts as the banker's bank ()
- (c) Creation of credit ()
- (d) Lender of the last resort ()

5. During the downswing of a trade cycle, the government should

- (a) levy new taxes on the people ()
- (b) raise the existing taxes ()
- (c) not levy any new taxes on the people ()
- (d) reduce its expenditure on public works and similar projects ()

6. According to Keynes, fluctuations in the volumes of investment is due to

- (a) fluctuations in the volume of saving ()
- (b) fluctuations in the marginal efficiency of capital ()
- (c) fluctuations in the marginal efficiency of labour ()
- (d) None of the above ()

7. Demand-pull inflation is caused by an

- (a) increase in the aggregate effective demand for goods and services ()
- (b) increase in the money incomes of the factors of production ()
- (c) increased investment in the economy ()
- (d) All of the above ()

8. According to Keynes, true inflation occurs only

- (a) after a point of full employment ()
- (b) before a point of full employment ()
- (c) during a point of full employment ()
- (d) None of the above ()

9. Which one would be the Capital Output Ratio (COR) if, when three units of capital are required to produce a unit of output?

- (a) 3 : 4 ()
- (b) 3 : 3 ()
- (c) 3 : 2 ()
- (d) 3 : 1 ()

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

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

SECTION—B

(Marks : 15)

Write short notes on the following :

3×5=15

1. Gresham's law

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2. Bank rate

- (a) State a point of view.
- (b) Discuss a point of view.
- (c) Discuss a point of view.
- (d) Discuss a point of view.

9. Which one would be the Capital Growth Rate (CGR) if when three units of capital are available to produce a bank of deposits?

- (a) 3%
- (b) 3.3%
- (c) 3.6%
- (d) 3.9%

10. The rural growth rate based on the following data is:

- (a) 1.5% per head in agriculture sector
- (b) 2.0% per head of total population
- (c) 1.0% per head in the non-agriculture sector
- (d) 1.5% per head in the non-agriculture sector

3. Trade cycle

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(8)

4. Phillips curve

(9)

5. Sources of economic growth

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