

2020
(CBCS)
(4th Semester)
ECONOMICS
(Macroeconomics-II)
Full Marks: 50
Time: 3 Hours

Instructions:

1. Questions should be attempted as per instructions.
2. Do not copy the Questions. Indicate the Questions No. clearly while attempting the answer.
3. Multiple choice answer should indicate the Question No., Sub. No., (if any) and the correct answer. For example-
 1. Name the state capital of Mizoram.
 (a) Lunglei (b) Aizawl (c) Champhai
Candidate should provide answer as **Q. No. 1: (b) Aizawl** [Candidate should avoid writing only (b)]
4. The figures in the margin indicate full marks for the questions.
5. Separate answer script should be used.

(SECTION: A – OBJECTIVES)

Choose the correct answer from the following:

1X10=10

1. In India, coins are issued by:
 - a) RBI
 - b) Finance Ministry
 - c) NABARD
 - d) All of the above

2. During the phase of recovery
 - a) Aggregate demand remains constant
 - b) Aggregate demand increases
 - c) Aggregate demand decreases
 - d) Aggregate Supply decreases
3. Fishers cash transaction equation is expressed as
 - a) $P=MV/T$
 - b) $K=M/PT$
 - c) $V=I/K$
 - d) $P=M/KT$
4. Bank rate is
 - a) The rate of interest charged by banks on their loan
 - b) The rate of interest paid by banks on their deposit
 - c) Official discount rate of the central bank
 - d) The interest paid by commercial banks to their beneficiaries
5. 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
6. Barter system means
 - a) Purchase of commodity with money
 - b) Sale of commodity with money
 - c) Sale and purchase of commodity with commodity
 - d) None of these
7. Over-investment theory of trade cycle is associated with
 - a) R.G Hawtrey
 - b) F.A hayek
 - c) J.R Hicks
 - d) Prof. Knight

8. The great depression occurred in the
a) 1930s
b) 1940s
c) 1920s
d) 1950s
9. Who is known as the "Father of modern macroeconomics"
a) A.K Sen
b) JM Keynes
c) Milton Friedman
d) Manmohan Singh
10. The Phillips curve states that
a) Inflation and unemployment have an inverse relationship.
b) Decreased unemployment in an economy will correlate with higher rates of wage rises.
c) Increasing inflation decreases unemployment, and vice versa.
d) All of the above

(SECTION: B - SHORT NOTES)

Write short notes on *any four* of the following: $2\frac{1}{2} \times 4 = 10$

1. What do you mean by money

OR

Define gold standard

2. What is commercial bank?

OR

Define central bank.

3. Define Monetary Policy

OR

Fiscal policy

4. What is stagflation

OR

Cost push inflation

5. Define technical progress

OR

Sources of economic growth

(SECTION: C – DESCRIPTIVE)

The questions are of equal values

Answer any three of the following questions:

10x3=30

1. **a.** Define high powered money. Clearly explain the important primary functions of money 3+7

OR

- b.** Describe the Quantity Theory of Money with special reference to Fisher's Transaction Approach. 10

2. **a.** Explain the process of credit creation by commercial bank in the economy. 10

OR

- b.** How does the central bank controls the flow of credit in the banking system by using monetary instruments? 10

3. **a.** Discuss the main characteristics of a trade cycle. Also explain trade cycle is purely a monetary phenomeno. 4+6

OR

- b.** Elaborate the fiscal and monetary policy measures to control trade cycle 10

4. **a.** Explain inflation? What are the main causes of Inflation? 3+7

OR

- b.** Discuss the theory of Philips curve analysis 10

5. **a.** Define GDP? What are the main differences between Economic growth and Economic Development? 3+7

OR

- b.** Discuss Harrod-Domar model of economic growth. 10
