

2017

(4th Semester)

ECONOMICS

Paper No. : Eco-401

(**Macroeconomics—II**)

Full Marks : 70

Pass Marks : 45%

Time : 3 hours

(PART : B—DESCRIPTIVE)

(Marks : 45)

*The figures in the margin indicate full marks
for the questions*

1. "Money is what money does." Comment on this statement and state the functions of money. 2+7=9

Or

Critically examine the Fisher's equation of exchange. 9

2. Define commercial bank. Discuss the functions of commercial banks. 1+8=9

Or

Explain how bank rate and open market operations are useful to control the volume of credit in an economy. 4½+4½=9

3. Discuss the factors determining the money supply in an economy. 9

Or

Why do we need to measure money supply? What are the measures of money supply used by Reserve Bank of India? 2+7=9

4. Define inflation. What are various types of inflation? 1+8=9

Or

Explain how inflation affects different sectors of economy differently. 9

5. What are the characteristics of business cycles? Explain how business cycles can be controlled. 2+7=9

Or

Discuss Hicks' theory of trade cycle. How does it differ from Samuelson's model? 6+3=9

Subject Code : Ba/Eco-401

5

Booklet No. **A**

12 APR 2017

Date Stamp

To be filled in by the Candidate

BA / BSc / BCom / BBA / BCA
4th Semester End Term
Examination, 2017

Subject

Paper

INSTRUCTIONS TO CANDIDATES

1. The Booklet No. of this script should be quoted in the answer script meant for descriptive type questions and vice versa.
2. This paper should be **ANSWERED FIRST** and submitted within **1 (one) Hour** of the commencement of the Examination.
3. While answering the questions of this booklet, any cutting, erasing, overwriting or furnishing more than one answer is prohibited. Any rough work, if required, should be done only on the main Answer Book. Instructions given in each question should be followed for answering that question only.

Signature of
Scrutiniser(s)

Signature of
Examiner(s)

Signature of
Invigilator(s)

To be filled in by the
Candidate

BA / BSc / BCom / BBA / BCA
4th Semester End Term
Examination, 2017

Roll No.

Regn. No.

Subject

Paper

DESCRIPTIVE TYPE

Booklet No. B

/389

2 0 1 7

(4th Semester)

ECONOMICS

Paper No. : Eco-401

(Macroeconomics—II)

(PART : A—OBJECTIVE)

(Marks : 25)

The figures in the margin indicate full marks for the questions

SECTION—I

(Marks : 15)

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

1. In the Fisherian equation, demand for money has been represented by

(a) P ()

(b) T ()

(c) PT ()

(d) MV ()

2. Value of money varies directly with the

(a) demand for money ()

(b) supply of money ()

(c) purchasing power of money ()

(d) price level ()

3. Which of the following methods of credit control is more direct and powerful?

(a) Bank rate policy ()

(b) Open-market operation ()

(c) Variable cash reserve ratio ()

(d) Fixation of margin requirements ()

4. Bank rate implies

- (a) the interest rate charged by banks on loans ()
- (b) rediscount rate charged by Central Bank from other banks on their bills ()
- (c) interest rate paid by banks on deposits ()
- (d) rate of interest on inter-bank transactions ()

5. Which one of the following is not a secondary function of money?

- (a) Measure of value ()
- (b) Store of value ()
- (c) Transfer of value ()
- (d) Standard of deferred payments ()

6. Deposit multiplier depends upon

- (a) reserve ratio ()
- (b) cash reserves ()
- (c) currency-deposits ratio ()
- (d) reciprocal of the percentage reserve ratio ()

7. During the period of inflation, the debtors are

- (a) gainers ()
- (b) losers ()
- (c) Not affected ()
- (d) None of the above ()

8. Bottleneck inflation is a situation which sets in

- (a) after the point of full employment ()
- (b) before the point of full employment ()
- (c) after imposing price controls ()
- (d) during war period ()

9. During the downward phase of a trade cycle, the Central Bank will

- (a) increase the cash reserve requirement ()
- (b) lower down the cash reserve requirement ()
- (c) not change cash reserve requirement ()
- (d) lower interest rate ()

(5)

10. The innovation theory of trade cycle is associated with the name of

(a) J. Schumpeter ()

(b) J. M. Keynes ()

(c) A. C. Pigou ()

(d) R. G. Hawtrey ()

B. Indicate *True (T)* or *False (F)* by a Tick (✓) mark :

1×5=5

1. According to the Cambridge equation, the relationship between the quantity of money and the level of price is neither direct nor proportionate.

(T / F)

Ba/Eco-401/389

2. Banks can create credits by advancing loans and also by purchasing securities.

(T / F)

3. The currency issued by the central bank is called high powered money.

(T / F)

4. Disinflation means decline in the rate of inflation.

(T / F)

5. Boom is the last phase of a trade cycle.

(T / F)

(7)

SECTION—II

(Marks : 10)

C. Answer/Write on briefly any *five* of the following :

2×5=10

1. Define money.

2. Explain Central Bank's function as 'lender of last resort'.

(9)

3. Why is M_3 considered as broad money?

Ba/Eco-401/389

(10)

4. What is open inflation?

5. Keynes view on trade cycle

6. Distinguish between ordinary money and high-powered money.

7. Concept of accelerator
