

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

## 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

( 3 )

UNIT—V

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

*Or*

Discuss how technical progress accelerates  
economic growth. 10

★ ★ ★

**Subject Code : ECO/IV/04**

**To be filled in by the Candidate**

DEGREE 4th Semester  
(Arts / Science / Commerce /  
..... ) Exam., **2016**

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, over-writing 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.**

**Booklet No. A**

Date Stamp .....

.....

**To be filled in by the Candidate**

DEGREE 4th Semester  
(Arts / Science / Commerce /  
..... ) Exam., **2016**

Roll No. ....

Regn. No. ....

Subject .....

Paper .....

Descriptive Type

Booklet No. B .....

*Signature of  
Scrutiniser(s)*

*Signature of  
Examiner(s)*

*Signature of  
Invigilator(s)*

**ECO/IV/04**

**2 0 1 6**

( 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 ( )

( 3 )

**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 ( )

( 4 )

- 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 (    )

( 5 )

SECTION—B

( Marks : 15 )

Write short notes on the following :

3×5=15

1. Gresham's law



( 6 )

**2. Bank rate**

( 7 )

**3. Trade cycle**

( 8 )

**4. Phillips curve**

( 9 )

**5.** Sources of economic growth

★ ★ ★