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(CBCS)

(4th Semester)

ECONOMICS

FOURTH PAPER

(Macroeconomics—II)

Full Marks : 75

Time : 3 hours

(PART : A—OBJECTIVE)

(Marks : 25)

The figures in the margin indicate full marks for the questions

Answer **all** questions

SECTION—A

(Marks : 10)

Tick (✓) the correct answer in the brackets provided :

1×10=10

1. Who states, “Bad money drives good money out of circulation when both of them are full legal tender”?

(a) Thomas Gresham ()

(b) Milton Friedman ()

(c) J. M. Keynes ()

2. In India, coins are minted at four places, which among the following is one of them?

(a) New Delhi ()

(b) Chennai ()

(c) Hyderabad ()

- 3.** Which of the following is not a function of Commercial Bank?
- (a) Accepting of deposits ()
 - (b) Banker's bank ()
 - (c) Creation of credit ()
- 4.** Qualitative credit control by the Central Bank includes
- (a) issuing directives to restrict certain bank advances ()
 - (b) credit rationing ()
 - (c) open-market operations ()
- 5.** Exceptional business prosperity turns businessman's head to indulge in overtrading. This phase of the trade cycle is known as
- (a) boom ()
 - (b) recovery ()
 - (c) depression ()
- 6.** Over-Investment theory of trade cycle is associated with
- (a) F. A. Hayek ()
 - (b) R. G. Hawtrey ()
 - (c) J. R. Hicks ()
- 7.** A situation where wages and prices chase each other at a very quick speed is called
- (a) cost-push inflation ()
 - (b) hyperinflation ()
 - (c) demand-pull inflation ()
- 8.** An inflation caused by an enhanced wage of labour is
- (a) stagflation ()
 - (b) demand-pull inflation ()
 - (c) cost-push inflation ()

9. Technological progress helps

- (a) increase in overall productivity ()
- (b) economic growth ()
- (c) Both (a) and (b) ()

10. Harrod-Domar models were formulated primarily to protect the developed countries from

- (a) disguised unemployment ()
- (b) chronic unemployment ()
- (c) cyclical unemployment ()

SECTION—B

(Marks : 15)

Write short notes on the following :

3×5=15

1. (a) High-powered money

OR

(b) Advantages of paper money

2. (a) Open-market operations

OR

(b) Bank rate

3. (a) Phases of trade cycle

OR

(b) Concept of accelerator

4. (a) Phillips' curve

OR

(b) Deflation

5. (a) Technical progress

OR

(b) Economic growth and economic development

(PART : B—DESCRIPTIVE)

(Marks : 50)

The figures in the margin indicate full marks for the questions

UNIT—I

1. (a) Define money. Describe the various functions of money. 2+8=10

OR

- (b) Discuss Fisher's quantity theory of money. 10

UNIT—II

2. (a) What are commercial banks? Discuss the process of credit creation by commercial banks. 2+8=10

OR

- (b) Describe the various instruments used by the Central Bank to control credit. 10

UNIT—III

3. (a) Critically explain Hawtrey's monetary theory of trade cycle. 10

OR

- (b) Explain the nature and characteristics of trade cycle. Briefly describe the important measures to control trade cycle. 5+5=10

UNIT—IV

4. (a) What is inflation? Discuss the various measures to control inflation in the economy. 3+7=10

OR

- (b) Explain how Phillips' curve relates unemployment and inflation in the economy. 10

UNIT—V

5. (a) Discuss Solow's model of economic growth. 10

OR

- (b) Discuss the Harrod-Domar model of economic growth. 10

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