P-I (1+1+1) H / 17 (N)

2017

ECONOMICS (Honours)

Paper Code : II-A

[New Syllabus]

Full Marks : 20   Time : Thirty Minutes

Important Instructions for OMR Sheet

1. Write / Fill your correct Subject Name, Subject Code & Paper Code in the space provided on the top of the OMR sheet (Subject Codes are given on the back of the OMR sheet & Paper Code in the Question Paper.)

2. Write / Fill your Roll number, Registration number, Regn. Session, Exam Date and Exam Session in the space provided on the OMR Sheet.

3. Each item has four alternative responses marked (A), (B), (C) and (D). You have to darken the circle as indicated below on the correct response against each item.

4. Your responses to the items are to be indicated in the **OMR Sheet given inside the Paper Booklet only**. If you mark at any place other than in the circle in the OMR Sheet, it will not be evaluated.

5. If you write your Name, Phone Number or put any mark on any part of the OMR Sheet, except for the space allotted for the relevant entries, which may disclose your identity, or use abusive language or employ any other unfair means, you will render yourself liable to disqualification.

6. You have to return the OMR Sheet to the invigilators at the end of the examination compulsorily and must not carry it with you outside the Examination Hall.

7. **Use only Blue/Black Ball point pen. Use of any mobile phone, calculator or log table etc. in examination hall, is prohibited.**

Answer *all* the questions in OMR sheet.

Choose the correct answer.

Each question carries 2 marks.

1. Real GNP increases when there is an

    (A) increase in price level

    (B) increase in output of goods and services

    (C) increase in price level and / or output

    (D) All of the above

2. The equation $C = ₹\ 200 + 0.90\ Yd$ predicts that consumption (c) is [Yd = disposable income]

    (A) ₹ 900 when Yd is ₹ 1,000.

    (B) ₹ 1000 when Yd is ₹ 900.

    (C) ₹ 1100 when Yd is ₹ 1,000.

    (D) ₹ 200 when Yd is ₹ 2,000.

3. Which of the following is not included in gross investment ?

    (A) Business and residential construction

    (B) Expenditure on consumption goods

    (C) Addition to business inventory

    (D) None of the above

4. When planned saving is greater than planned investment

    (A) Output should increase

    (B) Output should decrease

    (C) Output should remain unchanged

    (D) None of the above

Turn Over

1/112 - 700   (3)

5. In Quantity Theory of Money, which type of employment situation do we assume ?

    (A) Under employment situation

    (B) Full employment situation

    (C) Voluntary unemployment

    (D) Involuntary unemployment

6. If expansionary fiscal policy and monetary policy is adopted in a closed economy, equilibrium interest rate may

    (A) increase

    (B) decrease

    (C) remain unchanged

    (D) all of the above

7. The Phillips curve shows

    (A) an inverse relationship between the real and nominal wage

    (B) an inverse relationship between the rate of inflation and rate of unemployment.

    (C) a positive relationship between the nominal wage and rate of employment.

    (D) a negative relationship between the rate of interest and nominal wage.

8. According to Life Cycle Hypothesis, consumption is based on

    (A) Current lifetime income

    (B) Previous Peak period income

    (C) Expected lifetime income

    (D) Absolute income

9. The concept of "Effective Demand" has been introduced by

    (A) Say

    (B) Pigou

    (C) Keynes

    (D) Baumol

10. If interest rate falls, then the autonomous investment curve will

    (A) First rise, then become downward sloping

    (B) First fall, then become upward sloping

    (C) Remain a horizontal straight line

    (D) None of the above

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Turn Over

P-I (1+1+1) H / 17 (N)

2017

ECONOMICS (Honours)

Paper Code : II-B

[New Syllabus]

Full Marks : 80   Time : Three Hours Thirty Minutes

The figures in the margin indicate full marks.

Section - I

Short Essay Type questions.

Answer any *four* questions.   10×4=40

1. (a) Define inflation.

   (b) Discuss two anti-inflationary monetary measure.   3+7=10

2. How the relationship between money supply and price level is explained in the Cambridge version of the quantity theory of money.   10

3. Write a short note on open market operation of Central Bank.   10

4. Outline Solow model of economic growth.   10

5. Examine the effect of the following on the equilibrium level of income and interest rate in the IS-LM model :

   (i) An increase in money supply,

   (ii) An increase in Government's purchase of bonds.   5+5=10

6. (a) What is liquidity trap ?

   (b) Do you think that monetary policy is ineffective in the Liquidity trap ? Explains.   4+6=10

7. 'Business Cycle is a monetary phenomenon' — Explain.   10

1/112 - 700   (6)

Section - II

Essay Type questions

Answer any *two* questions.   20×2=40

8. (a) Distinguish between permanent income and transitory income.

    (b) How Milton Friedman explained the short-run variabilites and the long-run consistancy between observed income and consumptions.

    (c) Do you think that the short run MPL is less than the long-run MPL ?

                                        5+10+5=20

9. (a) Define the LM Curve.

    (b) How the LM curve can be derived ?

    (c) What are the factors on which the slope of LM curve depends ?

                                        4+10+6=20

10. Critically explain Keynesian Liquidity Preference theory of interest.   20

11. (a) What is Phillips curve ?

    (b) How the short-run trade-off between inflation and unemployment is explained in the Phillips curve.

    (c) What is natural rate of unemployment ? Explain the shape of the long-run Phillips curve.   4+8+(4+4)=20

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