2013

ECONOMICS-II

Time Allotted : 3 Hours   *Full Marks* : 70

The figures in the margin indicate full marks.

Candidates are required to give their answers in their own words

as far as practicable.

GROUP – A

(Multiple Choice Type Questions)

1. Choose the correct alternatives for the following :

10x1 = 10

i) If central bank increases the repo rate, then

a) inflation can be controlled

b) inflation cannot be controlled

c) inflation will remain unchanged

d) none of these.

ii) Devaluation makes exports .... in foreign

markets and imports .... in domestic

market.

a) cheaper, dearer   b) cheaper, cheaper

c) dearer, dearer   d) dearer, cheaper.

iii) With a regressive tax, as income

a) increases, tax rate remains the same

b) decreases, tax rate decreases

c) increases, tax rate increases

d) increases, tax rate decreases.

iv) Suppose that a Japanese automaker produces trucks in

the United States using all Japanese components and

labour. The trucks produced are included in

a) neither U.S. GNP nor U.S. GDP

b) U.S. GDP but not U.S. GNP

c) both U.S. GNP and U.S. GDP

d) U.S. GNP but not U.S. GDP.

v) If marginal propensity to consume (mpc) of a

consumer is 0.8, what is the marginal propensity to

save (mps) ?

a) 0.3 b) 0.2

c) 0.6 d) cannot be determined.

vi) IBRD refers to

a) Indian Bank for Reconstruction and Development

b) International Bank of Regulation & Development

c) International Bank for Reconstruction and

Development

d) None of these.

vii) If the nominal interest rate on a checking account is 2%

and the inflation rate is 3% this year, then the real

interest rate is

a) 5% b) 2%

c) 2/3% d) – 1%.

viii) Which of the following is included in M1 ?

a) Gold

b) Credit cards

c) Checkable deposits

d) Money market mutual funds.

ix) Which of the following is are the method(s) for

measuring national income ?

a) Product method b) Income method

c) Expenditure method d) All of these.

x) If individuals forecast future prices by examining the

rates of inflation of the present and recent past, they

are using

a) adaptive expectations

b) rational expectations

c) inflationary expectations

d) structural expectations.

GROUP – B

(Short Answer Type Questions)

Answer any *three* of the following. 3x5 = 15

2. Distinguish between tariff and quota.

3. What is double counting ? How is the problem of double

counting tackled in the measurement of national income ?

4. Define money. State the functions of money.

5. Differentiate between Balance of Trade and Balance of

Payments.

6. State the major objectives and functions of IMF.

GROUP – C

(Long Answer Type Questions)

Answer any *three* of the following. 3x15 = 45

7. a) How does planning in India in pre-liberalisation differ

from that in post-liberalisation period ?

b) Critically evaluate the success of the Indian Five-Year

Plans in attaining the basic objectives of the plans.

7 + 8

8. Distinguish between internal and external debs. Explain the burden of public debt. 7 + 8

9. Examine carefully the characteristics of the Indian tax structure. What steps have been taken to improve it and with what effect ? 8 + 7

10. Critically examine Ricardo's theory of comparative cost as an explanation of the basis of International Trade.

11. Write short notes on any *three* of the following : 3 5

a) Vicious Circle of Poverty

b) Cost Push and Demand Pull Inflation

c) GDP and GNP

d) Quantity Theory of Money.

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