

CS/BBA(H)/BIRM/RM/BSCM/Even/2nd Sem/BBA-204/2014

**2014**

**Economics-II**

**Time Alloted : 3 Hours**

**Full Marks : 70**

**The figure 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) In liquidity trap, monetary policy is**
  - a) very effective
  - b) Ineffective
  - c) Effective
  - d) None of the above.
- ii) if the velocity of circulation in Fisher's transaction approach is 'V' then value of 'K' in Cambridge cash balance approach is,**
  - a)  $\dot{V}$
  - b)  $1/V$
  - c)  $1-V$
  - d) None of these
- iii) National Income stands for**
  - a) NNP at market price
  - b) NNP at factor cost
  - c) NDP at market price
  - d) GNP at factor cost
- iv) Keynesian Consumption Function implies**
  - a) change in savings > Change in consumption
  - b) change in income = change in consumption
  - c) Change in income > change in consumption
  - d) Change in income < change in consumption

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[ Turn over ]

- v) Fiscal deficit is equal to
- a) total expenditure minus total revenue and capital receipts
  - b) total expenditure minus total revenue receipt.
  - c) total expenditure minus revenue receipts and non-debt capital receipts.
  - d) External borrowing of government.
- vi) MODVAT refer to
- a) Export value of a commodity
  - b) Value generated by exports
  - c) Money generated by export and imports
  - d) Value added to manufacturing cost.
- vii) Comparative advantage is shown first by
- a) Adam smith
  - b) J. M. Keynes
  - c) David Ricardo
  - d) T. R. Malthus.
- viii) Most favoured nation is related to the principles of GATT like :
- a) Provision of quantitative restriction
  - b) Consultations
  - c) Non-discrimination
  - d) None of these.
- ix) The duration of the 11th five year plan is :
- a) 2007-2012
  - b) 2002 - 2007
  - c) 2012 - 2017
  - d) None of these
- x) Which of the following does not enter into the current account of BOP in India?
- a) Granting of long term loans by India to Bangladesh.
  - b) Tsunami donation to GOI
  - c) Export of merchandise by India
  - d) Export of Invisible items by India.

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**GROUP - B**

**( Short Answer Type Questions )**

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

2. Distinguish between progressive and proportional taxation. What are the demerits of progressive taxation ?
3. Explain the major causes of inflation
4. What is public debt? State and explain the needs for public debt.
5. Distinguish between GATT and WTO
6. Define the components of supply of money.

**GROUP - C**

**( Long Answer Type Questions )**

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

7. Explain briefly the functions of Central Bank. Mention the credit creation process of commercial bank. **7.5+7.5**
8. What are the characteristics of an underdeveloped economy? What are the major elements constituting Indian capital market? **10+5**
9. Define deficit financing. State the sources of state government revenue. **7+8**
10. a) What do you understand by GDP and GNP of a country? Explain the difference between these two with the help of proper examples.  
b) Calculate National Income on the basis of the following information :
  - i) Private Income **1200 Crore**
  - ii) Current transfer from the rest of the world **12 Crore**
  - iii) Interest on public debt. **40 Crore**
  - iv) Current transfers from Govt. administrative departments **40 Crore**

v) Income from property and entrepreneurship accruing to the Governmental departments. 16 Crore

vi) Savings of non-departmental enterprises of the govt. 08Crore

vii) Net factor income earned abroad (-)32Crore

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

a) Private Income

b) Fiscal Policy

c) Roles of ADB in promoting development

d) Devaluation and depreciation.