CS/BBA(H)/BIRM/BSCM/Even/Sem-2nd/BBA-204/2015

WEST BENGAL UNIVERSITY OF TECHNOLOGY

BBA-204

ECONOMICS-II

Time Allotted: 3 Hours   Full Marks: 70

The questions are of equal value.
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.   Answer *all* questions.   10×1 = 10

   (i) Which of the following is/are true about the classical quantity theory of money?

       (A) the equation of exchanges is MV = PQ

       (B) the classical economists assumed the V would rise when real interest rates rise

       (C) the classical economists concluded that increases in the money supply cause increases in real GDP and nothing else

       (D) all of these

   (ii) Monetary policy means

       (A) Change in Money Supply of the Economy

       (B) Change in Tax Rate of the Economy

       (C) Change in Government Expenditure of the Economy

       (D) All of these

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(iii) Dispossable income means:

(A) income before tax payments

(B) income after tax payments

(C) personal income after consumption

(D) personal income after savings

(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) 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 decreases

(vi) Primary deficit means

(A) fiscal deficit + interest payments   (B) fiscal deficit − interest payments

(C) revenue deficit − interest payments (D) none of these

(vii) SDR stands for

(A) Special Drawing Rights   (B) Spatial Drawing Rights

(C) Special Driving Rights   (D) Spatial Driving Rights

(viii) GATT was converted in WTO in the

(A) Doha round   (B) Geneva round (C) Toronto round (D) Uruguay round

(ix) Devaluation makes exports_____ in foreign markets and imports _____ in domestic market.

(A) cheaper, dearer   (B) cheaper, cheaper

(C) dearer, dearer'   (D) dearer, cheaper

(x) M_3 is defined as

(A) currency + demand deposit

(B) time deposit + demand deposit + savings bank deposit + currency

(C) time deposit + demand deposit + savings bank deposit

(D) none of these

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GROUP B
(Short Answer Type Questions)

Answer any *three* questions.   3×5 = 15

2. Discuss the burdens of public debt.

3. What are the objectives of WTO?

4. Distinguish between tariff and quota.

5. What is double counting? How is the problem of double counting tackled in the measurement of national income?

6. What is inflationary gap?

GROUP C
(Long Answer Type Questions)

Answer any *three* questions.   3×15 = 45

7. Given, GNP_{mc} = Rs. 58000   5+5+5
    Personal income tax   = Rs.   2500
    Corporate tax   = Rs.   950
    Subsidies   = Rs.   575
    Factor income paid abroad   = Rs.   850
    Factor income received from abroad = Rs.   1500
    Undistributed profit   = Rs.   400
    Indirect tax   = Rs.   675
    Depreciation   = Rs.   350

    Compute : (i) GDP_{fc}
              (ii) National income
              (iii) Disposable personal income.

8. Explain Fisher's Quantity Theory of Money. Discuss its limitations. 10+5

9. (a) Indian Capital Market is boosted up in the period of Post- Liberalization. Discuss 10+5

(b) Why is capital formation important phenomenon for economic development? What should be the role of the government to increase private savings?

10. Define Phillips curve. Explain why it is downward slopping in the short run and vertical in the long run. 15

11. Write short notes on any *three* of the following: 3×5
(a) Cost push and demand pull inflation
(b) Role of Asian Development Bank
(c) Merits and demerits of indirect tax
(d) 11th Five year plan
(e) Gains from international trade.