

CS/BBA (N)/EVEN/SEM-2/BBAN-204(N)/2018-19



**MAULANA ABUL KALAM AZAD UNIVERSITY OF
TECHNOLOGY, WEST BENGAL**

**Paper Code : BBAN-204(N)
ECONOMICS (MACRO)**

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 any ten of the following : 10 × 1 = 10

- i) Net national product equals
- a) gross national product minus indirect business taxes
 - b) gross national product minus depreciation
 - c) national income minus indirect business taxes
 - d) national income plus depreciation.
- ii) Suppose that a Japanese automaker produces cars in Germany using all Japanese components and labour. The cars produced are included in
- a) Neither German GNP nor German GDP
 - b) German GNP but not German GDP
 - c) Both German GNP and German GDP
 - d) German GDP but not German GNP.

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- ✓ iii) Primary deficit means
- a) Fiscal deficit + interest payments
 - b) Fiscal deficit - interest payment
 - c) Revenue deficit - interest payment
 - d) none of these.
- ✓ iv) M_3 is defined as
- a) Currency + Demand deposit
 - b) Time deposit + Demand deposit + Saving bank deposit + Currency
 - c) Time deposit + Demand deposit + Saving bank deposit
 - d) none of these.
- ✓ v) For the consumption function $C = 50 + 0.65 Y$, value of MPS is
- a) 0.10
 - b) 0.65
 - c) 0.35
 - d) 0.45.
- ✓ vi) In liquidity trap
- a) only monetary policy is effective
 - b) only fiscal policy is effective
 - c) both are equally effective
 - d) neither is effective.
- ✓ vii) Which of the following does not enter into 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.
- ✓ viii) Rate of interest paid by central bank to commercial banks is called
- a) bank rate
 - b) repo rate
 - c) lending rate
 - d) reverse repo rate.
- ✓ ix) Output by foreigners = 4500, output by non-residents = 6200, then net inflows =
- a) 1700
 - b) -1700
 - c) 10700
 - d) 0.

- x) Cheque is
a) quasi-money b) digital money
c) pure money d) token money.
- xi) In the long-run consumption function, the value of autonomous consumption expenditure is
a) positive b) negative
c) zero d) infinity.
- xii) Which of the following is *not* a function of commercial banks ?
a) Printing currency notes
b) Providing loans
c) Discounting bills
d) Disbursing pensions.

GROUP - B

(Short Answer Type Questions)

Answer any *three* of the following. $3 \times 5 = 15$

2. What are the objectives and functions of the IMF ?
3. Discuss the different methods of measuring national income.
4. What are the burdens of public debt ?
5. What are the major items of revenue of Central Government ? <http://www.makaut.com>
6. Explain what is meant by Paradox of Thrift ?

GROUP - C

(Long Answer Type Questions)

Answer any *three* of the following. $3 \times 15 = 45$

7. Consider for the following data in Rs. Crore :

GDP	7,000
Payment of factor income to the rest of the world	250
Receipts of factor income from the rest of the world	625
Consumption of fixed capital	900
Indirect tax	600
Gross Subsidy	400
Corporate Profits	1,500

contd...

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Dividends	800
Transfer Payments to persons	1,300
Personal taxes	1,600
Personal consumption expenditure	500
Population	20,00,000

On the basis of this calculate the following :

- a) GNP
 - b) National Income
 - c) Personal income
 - d) Personal savings
 - e) PCI.
8. a) What are the fiscal policies adopted to reduce budget deficit ? How do you count deficit financing in this context ?
- b) What are the criteria for a good tax ? Whether GST in India is following the Cannons of Taxation ? Explain. 7 + 8
9. a) Conceptualize demand-pull and cost-push inflation. India's inflationary trend in the past few years is not due to increasing cost of production but due to rising demand — can suggest your arguments in favor of it considering the context of demand-pull and cost-push inflation ?
- b) What are the basic components of money supply in India ? 9 + 6
10. a) Distinguish between BOP and BOT.
- b) Discuss the effect of devaluation on Balance of Trade.
- c) Describe the concept of Purchasing Power Parity. 5 + 5 + 5
11. Write short notes on any *three* of the following : 3 × 5
- a) Functions of cooperative banks
 - b) Functions of Money
 - c) Theory of Comparative Advantage and Gains from trade
 - d) Phases of business cycle
 - e) Credit creation by commercial banks.