	Utech
Name:	
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Invigilator's Signature :	

CS/BBA(H)BIRM/BSCM/SEM-2/BBA-204/2013 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 :

 $10 \times 1 = 10$

- 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.

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- 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.

 $3 \times 5 = 15$

- 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?

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- 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. $3 \times 15 = 45$

- 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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