960 (MAC2)

[20-HKPGDEN-M2S(N)21J]

MA 2nd Semester (New) Exam., 2020

ECONOMICS

[PGEC-S2-02]

(Macroeconomics—II)

Full Marks : 80

Time : 3 hours

The figures in the margin indicate full marks for the questions

1. *(a)* Answer the following questions : 1×8=8

(i) Define Statutory Liquidity Ratio (SLR).

(ii) What is meant by transaction demand for money?

(iii) What is meant by demand-pull inflation?

(iv) Draw a Phillips curve.

(v) State the meaning of inflationary gap.

(vi) Name two economists who had contributed to the supply-side economics.

(vii) State the relationship between speculative demand for money and rate of interest.

(viii) State the main goal of monetary policy of India.

(b) Choose the correct answer of the following : 1×4=4

(i) Which of the following is not a type of macroeconomic policies?

(1) Fiscal policy

(2) Monetary policy

(3) Supply-side policy

(4) Demand-side policy

(ii) Which of the following is not a qualitative instrument of RBI?

(1) Repo rate

(2) Bank rate

(3) Open market operation

(4) Tax revenue

(iii) The difference between a country's total value of exports and total value of imports is known as

(1) net exports

(2) net imports

(3) trade balance

(4) Both (1) and (3)

(iv) A situation where actual, warranted and natural growth rate of an economy are equal, is known as

(1) knife edge

(2) razor's edge

(3) full employment

(4) All of the above

(c) Fill in the blanks : 1×4=4

(i) _____ is a mechanism to declare currencies of certain denominations as non-legal tender.

(ii) _____ comprises of revenue receipt and capital receipt.

(iii) _____ is the ratio of the stock of money to the stock of high-powered money.

(iv) The combination of high rate of inflation coupled with high rate of unemployment is known as _____.

2. Answer any *five* questions (each within *50* words) : 2×5=10

(a) State the meaning of natural rate of unemployment.

(b) Distinguish between autonomous and induced investment.

(c) State the meaning of Laffer curve.

(d) Distinguish between Monetarism and Keynesianism.

(e) Mention the objectives of macroeconomic policy instruments.

(f) State any two major functions of RBI.

3. Answer any *four* questions (each in around *150* words) : 3×4=12

(a) Briefly explain the role of RBI in formulating the monetary policy.

(b) Briefly explain the concept of foreign exchange market.

(c) State the fundamental equation of Solow's growth theory.

(d) Mention any three causes of global financial crisis of 2009.

(e) State any three differences between monetary policy and fiscal policy.

4. Answer any *three* questions (each in around *250* words) : 6×3=18

(a) Briefly explain the process of derivation of money multiplier.

(b) Briefly explain the Milton Friedman restatement of the quantity theory of money.

(c) Briefly explain the concept of structural inflation.

(d) Discuss the Schumpeter's theory of business cycle.

5. Answer any *three* questions (each in around *300* words) : 8×3=24

(a) Explain how Keynesian approach of money supply to economic activity differ from monetarist approach.

(b) Describe the monetary policy formulation prior to economic reforms of 1991.

(c) What is meant by rational expectation? Explain briefly the rational expectation hypothesis. 3+5=8

(d) Discuss in detail the macroeconomic policy instruments for attaining economic stability.

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