RAMAKRISHNA MISSION VIDYAMANDIRA

(Residential Autonomous College affiliated to University of Calcutta)

B.A./B.Sc. FOURTH SEMESTER EXAMINATION, JUNE 2022
SECOND YEAR [BATCH 2020-23]

Date : 23/06/2022

ECONOMICS (HONOURS)

Time : 11 am – 1 pm

Paper : IX [CC9]

Full Marks : 50

Group - A

Answer **any three** questions of the following: [3×5]

1. Discuss in which of the sub-accounts of the Balance of Payments accounts the following entries are recorded -

   a) Sale of shirts by an Indian exporter to Nigeria.

   b) Indian grant of 10 billion to Sri Lanka.

   c) Reserve Bank of India's purchase of treasury bills of Uganda.

2. "For a small open economy the government expenditure multiplier is small compared to the closed economy" — examine the validity of the statement.

3. Distinguish between expenditure switching and expenditure reducing policies.

4. Explain the following concepts : (2.5+2.5)

   a) Foreign Exchange swaps

   b) Foreign Exchange Options

5. In case of the following transaction indicate on which account debit occurs and which account credit occurs :

   India imports BMW from Germany and pays cheque in Euro.

6. Discuss the impact of an increase in Government spending in an open economy with perfect capital immobility and fixed exchange rate.

Answer **any one** question of the following: [1×10]

7. Explain with the help of Swan Diagram how can a country attain external and internal balances simultaneously.

8. In the Mundell-Fleming model with imperfect capital mobility discuss the impact of fiscal policy under :

   a) Fixed exchange rate regime.

   b) Flexible exchange rate regime. (5+5)

Group - B

Answer **any three** questions of the following: [3×5]

9. Explain Say's law in brief. What role does it play in the classical macroeconomic model? (3+2)

10. Discuss, in brief, the concept of 'Keynes Effect'.

11. Distinguish between 'trend stationary' and 'random walk' movement of GDP.

12. How does the efficiency wage model explain the presence of wage rigidity? Explain in brief.

13. How does staging of prices explain the existence of price rigidity for a comparatively long period of time in the new Keynesian theory?

14. What is 'Menu cost'? How does it explain the persistence of price rigidity?

Answer **any one** question of the following: [1×10]

15. Discuss the impact of a favourable technology shock in the Real Business Cycle model.

16. Discuss how implicit contract among workers and firm owners lead to wage rigidity. What are the benefits of such long term contracts? (7+3)

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