

2025

( FYUGP )

( 2nd Semester )

ECONOMICS

( MINOR )

Paper : EC2.M2

( Introductory Macroeconomics )

Full Marks : 75

Pass Marks : 40%

Time : 3 hours

( PART : B—DESCRIPTIVE )

( Marks : 50 )

*The figures in the margin indicate full marks  
for the questions*

Answer **five** questions, taking **one** from each Unit

UNIT—I

1. Define macroeconomics. Discuss its nature and importance. 2+8=10
2. Explain with suitable diagram the circular flow of income in two-sector model. 10

( 2 )

UNIT—II

3. "Supply creates its own demand." Critically examine this statement. 7+3=10
4. "The intersection of the aggregate supply and demand function determines the equilibrium level of output and employment." Discuss. 10

UNIT—III

5. Define money. Explain the various functions of money. 2+8=10
6. Define monetary policy. Discuss the policies and methods adopted by the central bank to control credit creation of a country. 2+8=10

UNIT—IV

7. What is inflation? Explain its types and causes. 2+8=10
8. Discuss the consequence of price rise. 10

( 3 )

UNIT—V

9. "Balance of payment always balance." Explain the equilibrium and disequilibrium in the balance of payment. 10
10. What are the causes of an adverse BoP? Discuss the measures to correct balance of payment disequilibrium. 5+5=10

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**ECONOMICS**

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Paper : EC2.M2

**( Introductory Macroeconomics )**

( PART : A—OBJECTIVE )

( Marks : 25 )

*The figures in the margin indicate full marks for the questions***SECTION—I**

( Marks : 15 )

Choose the correct answer and put a Tick (✓) mark in the brackets provided :  $1 \times 15 = 15$

1. The term 'macro' in economics was first coined by

(a) Edward Shapiro ( )

(b) Ragnar Frisch ( )

(c) Alfred Marshall ( )

(d) J. M. Keynes ( )



2. The difference between GNP and NNP equals

- (a) indirect taxes ( )
- (b) subsidies ( )
- (c) depreciation cost ( )
- (d) transfer payments ( )

3. A household sector in two-sector model is essentially a unit of

- (a) consumption ( )
- (b) production ( )
- (c) investment ( )
- (d) All of the above ( )

4. Which of the following is not the assumption of Say's law of market?

- (a) Existence of full employment ( )
- (b) Full utilization of resources ( )
- (c) Neutral role of money ( )
- (d) Importance of investment ( )

5. In Keynesian theory, employment and output is determined by

- (a) production function ( )
- (b) demand and supply function ( )
- (c) effective demand ( )
- (d) saving investment ( )

6. Effective demand is associated with the name of

- (a) A. Marshall ( )
- (b) J. M. Keynes ( )
- (c) Edgeworth ( )
- (d) A. C. Pigou ( )

7. Cash balance approach in quantity theory emphasizes on

- (a) money as a medium of exchange ( )
- (b) money as a store of value ( )
- (c) money as a measure of value ( )
- (d) money as transfer of value ( )



8. Which of the following is a qualitative or selective method of credit control by the central bank?

- (a) Bank rate policy ( )
- (b) Open market operations ( )
- (c) Cash reserve ratio ( )
- (d) Rationing of credit ( )

9. The supply of money is a

- (a) flow variable ( )
- (b) stock variable ( )
- (c) Both (a) and (b) ( )
- (d) Neither (a) nor (b) ( )

10. When price and unemployment increases simultaneously, it is

- (a) inflation ( )
- (b) deflation ( )
- (c) stagflation ( )
- (d) hyper-inflation ( )

11. An increase in demand is more likely lead to demand pull inflation

- (a) if aggregate supply is completely elastic ( )
- (b) if aggregate supply is completely inelastic ( )
- (c) if aggregate supply is moderately elastic ( )
- (d) if aggregate supply is unitary elastic ( )

12. Deflation is likely to occur when

- (a) the economy is experiencing high levels of unemployment ( )
- (b) the central bank increases the money supply ( )
- (c) there is decrease in aggregate demand ( )
- (d) there is an increase in government spending ( )

( 6 )

13. The balance of payments of a country is in equilibrium when the

- (a) demand for the domestic currency is equal to its supply ( )
- (b) demand for the domestic currency is the highest ( )
- (c) demand for the domestic currency is the lowest ( )
- (d) demand as well as supply of the domestic currency are the highest ( )

14. Balance of payment uses the \_\_\_\_\_ system of accounting.

- (a) single entry ( )
- (b) double entry ( )
- (c) cash basis ( )
- (d) accrual basis ( )

15. In money approach to balance of payments, the demand for money is stable in

- (a) long-run ( )
- (b) short-run ( )
- (c) very short period ( )
- (d) All of the above ( )

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## SECTION—II

( Marks : 10 )

Write short notes on any *five* of the following :

2×5=10

### 1. National Income



## 2. Classical Theory of Employment

## 3. Functions of Money

13. The balance of payment of a country is in equilibrium when the \_\_\_\_\_ system of accounting is used. ( )
14. Balance of payment uses the \_\_\_\_\_ system of accounting. ( )
- (a) single entry ( )
- (b) double entry ( )
- (c) cash basis ( )
- (d) accrual basis ( )
15. In money approach to balance of payments, the demand for money is stable in ( )
- (a) long-run ( )
- (b) short-run ( )
- (c) very short period ( )
- (d) All of the above ( )

( 10 )

#### 4. Monetary Multipliers

( 11 )

#### 5. Hyperinflation



( 12 )

6. Components of BoP

( 13 )

7. Balance of Trade

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