

Subject Code : Ba/Eco-401 (N)

Booklet No. A

760

Ba/Eco-401 (N)

2023

( 4th Semester )

ECONOMICS

Paper : Eco-401

( Macroeconomics—II )

( New Course )

Full Marks : 70

Pass Marks : 45%

Time : 3 hours

( PART : B—DESCRIPTIVE )

( Marks : 45 )

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

UNIT—I

1. (a) What is money? Explain the various  
functions of money. 2+7=9

Or

- (b) Explain Fisher's equation of exchange 9

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UNIT—II

2. (a) Explain the credit creation process of commercial banks.

*Or*

- (b) Why is the Reserve Bank of India known as the apex monetary authority? Discuss the functions of Central Bank. 2+

UNIT—III

3. (a) What is money supply? Describe the various measures of money supply. 2+

*Or*

- (b) Define high-powered money. Explain money multiplier approach to money supply. 2+

UNIT—IV

4. (a) Define inflation. Explain the causes of inflation. 1+

*Or*

- (b) Explain Phillips curve in relation to inflation and unemployment.

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UNIT—V

5. (a) What is trade cycle? Discuss the nature and characteristics of a trade cycle.

2+7=9

Or

- (b) Explain Keynes' view on trade cycle.

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**Ba/Eco-401 (N)**

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( 4th Semester )

**ECONOMICS**

Paper : Eco-401

( **Macroeconomics—II** )

( New Course )

( PART : A—OBJECTIVE )

( Marks : 25 )

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

SECTION—I

( Marks : 15 )

**A.** Put a Tick (✓) mark against the correct answer in the brackets provided : 1×10=10

1. Fisher's equation of exchange is based on which function of money?

- (a) Store of value (    )
- (b) Medium of exchange (    )
- (c) Unit of value (    )
- (d) Standard of deferred payment (    )

( 2 )

2. Who defined money as "Money is what money does"?

(a) Crowther ( )

(b) Fisher ( )

(c) Prof. Walker ( )

(d) Robertson ( )

3. Which of the following is not a quantitative method of credit control?

(a) Open market operation ( )

(b) Bank rate ( )

(c) Regulation of consumer credit ( )

(d) Variable cash reserve ratio ( )

4. Monetary Policy in India is managed by

(a) commercial banks ( )

(b) State Bank of India ( )

(c) the Reserve Bank of India ( )

(d) Punjab National Bank ( )

( 3 )

5. Which of the following measures of money supply is most liquid?

(a) M1 ( )

(b) M2 ( )

(c) M3 ( )

(d) M4 ( )

6. Money supply is a \_\_\_\_\_ concept.

(a) flow ( )

(b) stock ( )

(c) semi-flow ( )

(d) None of the above ( )

7. Inflation caused by an increase in production cost is called

(a) demand-pull inflation ( )

(b) cost-push inflation ( )

(c) increase in effective demand  
inflation ( )

(d) repressed inflation ( )

( 4 )

8. During inflation, the wage and salary earners are

- (a) gainers ( )
- (b) losers ( )
- (c) not affected ( )
- (d) None of the above ( )

9. The lowest level of economic activity in business cycle is called

- (a) contraction ( )
- (b) expansion ( )
- (c) peak ( )
- (d) trough ( )

10. The monetary theory of trade cycle is associated with

- (a) Keynes ( )
- (b) A. C. Pigou ( )
- (c) Irving Fisher ( )
- (d) R. G. Hawtrey ( )

( 5 )

B. Indicate *True (T)* or *False (F)* by putting a Tick (✓)  
mark : 1×5=5

1. The secondary function of money is the medium of exchange.

( T / F )

2. Open market operation is qualitative credit control measure.

( T / F )

3. Money supply is determined by the size of money multiplier and the amount of high-powered money.

( T / F )

4. During inflation, creditors are losers.

( T / F )

5. Business cycles are characterized by short fixed time period.

( T / F )



( 6 )

SECTION—II

( Marks : 10 )

C. Write short notes on any *five* of the following : 2×5=

1. Problems of barter system

( 7 )

2. Two reasons for Cambridge approach's superiority over Fisher's equation of exchange

( 8 )

3. Any two functions of commercial banks

( 9 )

4. Components of money supply

( 10 )

5. Demand-pull inflation

( 11 )

## 6. Stagflation

( 12 )

7. Concept of multiplier

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