

2024

(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) Critically examine the cash balance approach to demand for money. 9

Or

- (b) Explain Keynes approach to the value of money.

UNIT—II

2. (a) Explain the process of credit creation by the commercial banks. What are its limitations? 5+4=9

Or

- (b) Explain the quantitative credit control methods of the RBI. 9

UNIT—III

3. (a) What is money supply? Describe the various components of money supply. 2+7=9

Or

- (b) Explain the measures of money supply used by the Reserve Bank of India. 9

UNIT—IV

4. (a) Define inflation. Explain the various types of inflation. 9

Or

- (b) Explain the effects of inflation on different sectors of economy.

UNIT—V

5. (a) Describe the phases of a typical trade cycle. 9

Or

- (b) Explain Hicks' theory of trade cycles.

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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. In the quantity theory of money Fisher states that, while other things remain the same

- (a) price level varies directly with the quantity of money ()
- (b) price level varies inversely with the quantity of money ()
- (c) value of money varies directly with the quantity of money ()
- (d) None of the above ()

2. Cost-push inflation arises due to

- (a) rise in wages ()
- (b) rise in profit ()
- (c) rise in prices of raw materials ()
- (d) All of the above ()

3. Which of the following is not a measure selective credit control?

- (a) Variable reserve ratio ()
- (b) Regulation of margin requirements ()
- (c) Regulation of consumer credit ()
- (d) Rationing of credit ()

4. In business cycle, depression is followed by

- (a) boom ()
- (b) recovery ()
- (c) recession ()
- (d) None of the above ()

5. Which of the following is a concept of 'broad money'?

- (a) M1 ()
- (b) M2 ()
- (c) M3 ()
- (d) M4 ()

6. The trough of a business cycle occurs when _____ hits its lowest point.

- (a) inflation ()
- (b) the money supply ()
- (c) aggregate economic activity ()
- (d) the unemployment rate ()

7. Which of the following is not an element of high powered money?

- (a) Currency ()
- (b) Repos ()
- (c) Required reserves ()
- (d) Excess reserves ()

(4)

8. During inflation, public expenditure should be

- (a) expanded ()
- (b) contracted ()
- (c) not affected ()
- (d) None of the above ()

9. Which of the following is a primary function of money?

- (a) Store of value ()
- (b) Measure of value ()
- (c) Transfer of value ()
- (d) Standard of deferred payment ()

10. The monetary theory of trade cycle is associated with the name of

- (a) J. M. Keynes ()
- (b) J. Schumpeter ()
- (c) A. C. Pigou ()
- (d) R. G. Hawtrey ()

(5)

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

1. Stagflation is a situation where the economy faces only inflation.

(T / F)

2. The quantity theory of money was developed by Keynes.

(T / F)

3. Long-run Phillips curve is vertical.

(T / F)

4. Issuing currency is not a function of a commercial bank.

(T / F)

5. Keynes states that inflation is too much of money chasing too few goods.

(T / F)

SECTION—II

(Marks : 10)

C. Write notes on/Answer any five of the following in short : 2x5=10

1. Any two functions of central bank

- (a) Store of value
 - (b) Measure of value
 - (c) Transfer of value
 - (d) Standard of deferred payment
3. Long-run Phillips curve is vertical.
- (a) True
 - (b) False
4. Issuing currency is not a function of commercial bank.
- (a) True
 - (b) False
5. Keynes states that inflation is too much of money chasing too few goods.
- (a) True
 - (b) False
6. J. M. Keynes
- (a) True
 - (b) False
7. J. Schumpeter
- (a) True
 - (b) False
8. G. Hawtrey
- (a) True
 - (b) False

2. Concept of accelerator

3. Define high powered money

(8)

3. Define high powered money.

C. Write notes on/Answer any two of the following in short :

1. Any two functions of central bank

(9)

4. Explain any two causes of inflation.

5. Measures to control trade cycle

6. Concept of money multiplier

7. Distinguish between creeping inflation and hyperinflation.
