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(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)* Define money. Describe the various functions of money.   2+7=9

Or

   (b) Discuss Fisher's version of the quantity theory of money.   9

UNIT—II

2. *(a)* What is a bank? Discuss the functions of a commercial bank.   2+7=9

Or

   (b) State and explain the various qualitative methods of credit control which are generally adopted by the Central Bank.   9

UNIT—III

3. *(a)* Define money supply. Describe the different determinants of money supply in a country.   2+7=9

Or

   (b) Explain money multiplier approach to money supply.   9

UNIT—IV

4. *(a)* What is inflation? Discuss the various measures to control inflation in the economy.   2+7=9

Or

   (b) Explain how Phillips curve relates unemployment and inflation in the economy.   9

UNIT—V

5. *(a)* What do you mean by trade cycle? Describe the nature and characteristics of a trade cycle.   2+7=9

Or

   (b) Critically explain Hawtrey's monetary theory of trade cycle.   9

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ECONOMICS

Paper : ECO–401

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(PART : A—OBJECTIVE)

(*Marks* : 25)

The figures in the margin indicate full marks for the questions

SECTION—I

(*Marks* : 15)

A. Choose and write the correct answer from the options provided :   1×10=10

  1. The quantity theory of money is a theory of

    (a) how the money supply is determined

    (b) how interest rates are determined

    (c) how the nominal value of aggregate income is determined

    (d) All of the above

  2. The speculative motive for holding money is closely tied to what function of money?

    (a) Store of wealth

    (b) Unit of account

    (c) Medium of exchange

    (d) None of the above

3. What is OTP in debit card transaction?

   (a) Odd Transaction Password

   (b) Owner is Trading Pass Code

   (c) One Time Password

   (d) One Time Pincode

4. Monetary policy of a country is managed by

   (a) Central Bank

   (b) Finance Ministry

   (c) Commercial Banks

   (d) Board of Revenue

5. Which of the following is known as broad money?

   (a) M1

   (b) M2

   (c) M3

   (d) M4

6. Which one out of the following is most liquid among the measures of money supply?

   (a) M1

   (b) M2

   (c) M3

   (d) M4

7. How inflation affects the price of the commodities?

   (a) Price of the commodities decreases

   (b) Price of the commodities increases

   (c) No effect

   (d) First the price decreases later on increases

8. Which is the most effective quantitative method to control inflation in the economy?

   (a) Bank rate policy

   (b) Selective credit control

   (c) Cash reserve ratio

   (d) Both (a) and (b)

9. The lowest level of economic activity is called

   (a) contraction

   (b) trough

   (c) recovery

   (d) None of the above

10. Which one of the following is not the characteristic of business cycles?

   (a) They are recurrent

   (b) They do not occur at regular intervals

   (c) They have uniform causes

   (d) All of the above

B. State whether the following statement are True *or* False :   1×5=5

1. The demand for money is a demand for real cash balances.

2. Credit money is created by the Central Bank of a country.

3. The measures of money supply in India are classified into four categories.

4. When price increases due to increase in factor prices, it is cost-pull inflation.

5. Involuntary unemployment is almost zero in the expansion phase of business cycle.

SECTION—II

(*Marks* : 10)

C. Answer any *five* of the following in short :   2×5=10

1. What are the three main motives for holding money?

2. What is classical theory of demand for money?

3. Define a Central Bank.

4. What is meant by credit creation?

5. Name the two components of money supply.

6. Define high powered money.

7. What is the difference between multiplier and accelerator?

8. What are the four main phases of the business cycle?

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