



Ba/Eco-401 (N)

2 0 2 3

(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**

UNIT—II

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

9

Or

- (b) Why is the Reserve Bank of India known as the apex monetary authority? Discuss the functions of Central Bank. 2+7=9

UNIT—III

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

Or

- (b) Define high-powered money. Explain money multiplier approach to money supply. 2+7=9

UNIT—IV

4. (a) Define inflation. Explain the causes of inflation. 1+8=9

Or

- (b) Explain Phillips curve in relation to inflation and unemployment. 9

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. 9

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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. 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 ()

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 ()

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 : $2 \times 5 = 10$

1. Problems of barter system

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

3. Any two functions of commercial banks

4. Components of money supply

(10)

5. Demand-pull inflation

6. Stagflation

7. Concept of multiplier
