

B. Write short notes on any five (5) of the following: (1x5=5)

1. Macroeconomics.
2. National Income.
3. Money.
4. Credit creation.
5. Commercial Bank.
6. Deflation.
7. Inflation.
8. Cash Reserves Ratio.
9. Bank Rate.
10. Central Bank.

C. Answer five (5) questions from the following options. (5x5=25)

1. Explain the scope of macroeconomics.
2. Explain the circular flow of income under two sector model.
3. Explain the functions of money.
4. Briefly explain the functions of commercial bank.
5. Explain the domestic aggregates in calculation of national income.
6. Explain Demand Pull inflation.
7. Explain the effects of inflation on Production.
8. Explain the functions of Central Bank.
9. Briefly describe the effects of deflation.

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**2025**

( FYUGP )

( 3rd Semester )

INTERDISCIPLINARY - 2

Paper Code : EC3.ID2

( **Elementary Macroeconomics** )

*Full Marks : 37.5*

*Pass Marks : 40%*

*Time: 2 Hours*

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

A. Choose the correct answer from the option provided: (½ x15=7½)

1. Which of the following statements reflects the true meaning of gross investment?
  - a) Gross investment is the total of net investment and depreciation
  - b) Gross investment is the difference between the net investment and depreciation
  - c) Both a and b are correct
  - d) Both a and b are incorrect
  
2. Transfer Payment is:
  - a) Payment for goods with money
  - b) Payment for goods with goods
  - c) Payment with no goods exchanged
  - d) None of the above

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3. An economy that interacts with other economies is known as :
- a) An export economy                      b) A friendly economy  
c) An open economy                        d) An import economy
4. Credit can be created by:
- a) RBI    b) Foreign banks  
c) Commercial banks                        d) Private banks
5. The term "Money Supply" relates to:
- a) Overall money held by the general public over a specified period of time  
b) The total volume of money held by the public at a particular point in time  
c) The total amount of money that the government possesses  
d) None of the above
6. What is the primary function of money in an economy
- a) Medium of exchange                      b) Unit of account  
c) Store of value                              d) All of the above
7. How many languages are there on language panel of Indian currency note?
- a) 15                      b) 17                      c) 10                      d) 12
8. Which among the following is/are known as Narrow Money?
- a) M1                      b) M2                      c) M3                      d) M4
9. In most countries which organisations controls the banking system?
- a) Central bank                                b) Commercial bank  
c) Investment bank                            d) World bank

( Continued )

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10. What is a function of a central bank?
- a) To decide government spending  
b) To determine all spending  
c) To issue new currency  
d) To lend to private business
11. Which one of the following principles is the exact reverse of inflation?
- a) Recession                                      b) Stagflation  
c) Deflation                                        d) None of the above
12. Whenever the market prices of services and goods are going to fall continuously, this phenomenon is known as \_\_\_\_\_.
- a) Inflation                                        b) Stagflation  
c) Deflation                                        d) None of the above
13. When too much money are hunting down too few goods, the probable result of inflation is recognised as \_\_\_\_\_.
- a) Deflation                                        b) Cost-push inflation  
c) Stagflation                                      d) Demand-pull inflation
14. Which one of the following groups will not be negatively affected by the rise in prices?
- a) The debtor class                              b) The consumer class  
c) Pensioner class                                d) Business class
15. Which one of the following observers is adopted to deduct inflation?
- a) Reduction in Repo rate  
b) Reduction in bank rate  
c) Increase in government expenditure  
d) Cuts in government spending

( Turn Over )