2022

(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)* Explain clearly Keynes' approach to the value of money. 9

Or

(b) How far is the cash balance approach superior to the cash transaction approach to the quantity theory of money? 9

Unit—II

2. (a) Explain the purpose of credit creation by the commercial banks. What are its leakages? 3+6=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. 3+6=9

Or

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

Unit—IV

4. (a) Define inflation. What are the various types of inflation? 2+7=9

Or

(b) Explain the effects of inflation on production and distribution. 9

UNIT—V

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

Or

(b) Examine Hicks' theory of trade cycles. 9

★★★

2022

(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. According to Fisher's equation, an increase in the quantity of money lead to

   (a) a decrease in the price level ( )

   (b) an increase in the price level ( )

   (c) a proportionate increase in the price level ( )

   (d) None of the above ( )

2. PT = MV is known as

   (a) the equation of balance ( )

   (b) the equation of exchange ( )

   (c) the equation of transaction ( )

   (d) the equation of production ( )

3. At times of inflation, it is likely that the Central Bank will

   (a) raise the CRR% ( )

   (b) lower the CRR% ( )

   (c) keep the CRR% unchanged ( )

   (d) Either (b) or (c) ( )

4. The value of money varies directly with the

   (a) demand for money ( )

   (b) supply of money ( )

   (c) purchasing power of money ( )

   (d) price level ( )

5. Which of the following quantitative methods of credit control is more direct and powerful?

   (a) Bank rate ( )

   (b) Open market operation ( )

   (c) Variable cash reserve ratio ( )

   (d) Fixation of margin requirements ( )

6. During economic depression, under open market operations

   (a) the Central Bank becomes purchaser of securities ( )

   (b) the commercial banks become sellers of securities ( )

   (c) Both *(a)* and *(b)* ( )

   (d) Neither *(a)* nor *(b)* ( )

7. The narrowest measure of money supply, according to the RBI's classification is

   (a) M_1 ( )

   (b) M_2 ( )

   (c) M_3 ( )

   (d) M_4 ( )

8. During inflation, fixed income earners are

   (a) the losers ( )

   (b) the gainers ( )

   (c) not affected ( )

   (d) None of the above ( )

9. During inflation, public expenditure should be

   (a) expanded ( )

   (b) contracted ( )

   (c) not changed ( )

   (d) Both *(a)* and *(b)* ( )

10. In a business cycle, peak is followed by

    (a) recovery ( )

    (b) trough ( )

    (c) recession ( )

    (d) prosperity ( )

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

1. Bank rate policy is a qualitative credit control measure.

   (*T* / *F*)

2. In the Fisherian equation, demand for money has been represented by PT.

   (*T* / *F*)

3. Disinflation is the decrease in the rate of inflation.

   (*T* / *F*)

4. Commercial banks create credits by advancing loans and purchasing securities.

   (*T* / *F*)

5. Hicks' theory of trade cycle states that the interaction of the multiplier and the accelerator causes economic fluctuations around the warranted rate of growth.

   (*T* / *F*)

SECTION—II

(*Marks* : 10)

C. Write short notes on any *five* of the following : $2\times5=10$

1. Importance of money in present economy

2. Selective credit control

3. Velocity of circulation of money

4. Monetary measures to control inflation

5. Inflationary gap

6. Concept of accelerator

7. Meaning of trade cycle

* * *