

**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.

( 2 )

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.

( 3 )

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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( 4th Semester )

**ECONOMICS**

Paper : Eco-401

( **Macroeconomics—II** )

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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. 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 ( )

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 ( )

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 )



( 6 )

SECTION—II

( Marks : 10 )

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

1. Any two functions of central bank

2. Concept of accelerator

3. Define high powered money.

4. Explain any two causes of inflation.

( 10 )

5. Measures to control trade cycle

6. Concept of money multiplier

7. Distinguish between creeping inflation and hyperinflation.

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