

2024

(FYUGP)

(5th Semester)

ECONOMICS

(Minor)

Paper Code : EC5.M5

(**Intermediate Macroeconomics—II**)

Full Marks : 75

Pass Marks : 40%

Time : 3 hours

(PART : B—DESCRIPTIVE)

(Marks : 50)

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

Answer **five** questions, taking **one** from each Unit

UNIT—I

1. Discuss the concept of money supply with the public. What factors determine the supply of money in an economy? 2+8=10
2. Explain the mechanistic model of bank deposit determination. 10

UNIT—II

3. Explain the Patinkin's real balance effect. 10
4. Explain Baumol's inventory approach to transaction demand for money. 10

UNIT—III

5. Define monetary policy. Discuss the monetary policy of RBI. 1+9=10
6. Explain the recent development in Indian monetary system. 10

UNIT—IV

7. Discuss the crowding out effect and effectiveness of fiscal policy. 8+2=10
8. Discuss four tools of fiscal policy. What are the limitations? 8+2=10

UNIT—V

9. Explain the important functions of Central Bank. 10
10. Discuss in detail microfinance institutions in India. 10

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(PART : A—OBJECTIVE)

(Marks : 25)

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I. Choose the correct answer and put a Tick (✓) mark
against the brackets provided : 1×15=15

1. Which is the most important concept of money
supply?

(a) M1 ()

(b) M2 ()

(c) M3 ()

(d) M4 ()

2. According to which economist, the presence of credit money means that two interests rates—the 'natural' rate and the 'money' rate predominates.
- (a) Adam Smith ()
 - (b) Knut Wicksell ()
 - (c) Milton Friedman ()
 - (d) Joseph Schumpeter ()
3. The amount of money in the economy ultimately depends on the
- (a) monetary base ()
 - (b) excess reserve ratio ()
 - (c) currency to deposit ratio ()
 - (d) All of the above ()
4. Transaction demand for money is affected by
- (a) level of income ()
 - (b) pattern of income receipts and payments ()
 - (c) Both (a) and (b) ()
 - (d) None of the above ()

5. Keynes defines the _____ as "the desire of earning profit by knowing better than the market what the future will bring forth".
- (a) speculative motive ()
 - (b) transaction motive ()
 - (c) precautionary motive ()
 - (d) All of the above ()
6. The price of bonds is _____ related to the rate of interest.
- (a) both positively and negatively ()
 - (b) positively ()
 - (c) negatively ()
 - (d) No relation ()
7. Who defined an ideal monetary policy, "as the effort to reduce to a minimum the disadvantages and increase the advantages, resulting from the existence and operation of a monetary system".
- (a) Crowther ()
 - (b) Gustav Cassel ()
 - (c) Harry G. Johnson ()
 - (d) Paul Einzig ()

8. Which among the following is not a selective credit control?
- (a) Moral suasion ()
 - (b) Margin requirement ()
 - (c) Variable reserve requirement ()
 - (d) Ceiling on the amount of credit ()
9. A positive demand shock constitutes a rise in autonomous domestic investment resulting in
- (a) downward shift in aggregate demand curve ()
 - (b) upward shift in aggregate demand curve ()
 - (c) downward shift in aggregate supply curve ()
 - (d) upward shift in aggregate supply curve ()
10. The effect of fiscal policy to curb depression or inflation
- (a) is direct ()
 - (b) is indirect ()
 - (c) does not have any effect ()
 - (d) Both (a) and (b) ()

11. If investment is more responsive to interest rate, then investment curve will be
- (a) vertical ()
 - (b) horizontal ()
 - (c) flatter ()
 - (d) steeper ()
12. Which institute is called the lender of the last resort?
- (a) Central Bank ()
 - (b) EXIM ()
 - (c) IFCI ()
 - (d) Commercial Bank ()
13. Which financial institute has the power to create credit?
- (a) Central Bank ()
 - (b) Commercial Bank ()
 - (c) Non-banking financial corporations ()
 - (d) Microfinance institute ()

14. When was NABARD established?

- (a) June 1982 ()
- (b) July 1982 ()
- (c) June 1992 ()
- (d) July 1992 ()

15. What is the full form of MUDRA?

- (a) Micro Units Development and Refinance Agency ()
- (b) Micro Units Development Regulatory Authority ()
- (c) Macro Units Development Regulatory Authority ()
- (d) None of the above ()

II. Answer any *five* from the following questions : $2 \times 5 = 10$

1. Define high-powered money.

2. Explain precautionary demand for money.

3. What is money multiplier?

4. Discuss any one objective of fiscal policy.

5. Write a short note on open market operation.

6. State any four types of NBFIs.

7. What are microfinance institutions?

8. Explain one function of Commercial Bank.
