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(CBCS)

(4th Semester)

ECONOMICS

FOURTH PAPER

(**Macroeconomics—II**)

Full Marks : 75

Time : 3 hours

The figures in the margin indicate full marks for the questions

(**SECTION : A—OBJECTIVE**)

(*Marks : 10*)

Tick (✓) the correct answer in the brackets provided :

1×10=10

1. Which of the following is not a function of money?

- (a) Medium of exchange ()
- (b) Means of barter (✓)
- (c) Store of value ()
- (d) Standard of deferred payment ()

2. Barter system means

- (a) purchase of commodity with money ()
- (b) purchase and sale of commodity with commodity (✓)
- (c) sale of commodity with money ()
- (d) All of the above ()

3. Which of the following is a qualitative or selective method of credit control by the Central Bank?
- (a) Bank rate or Discount rate policy ()
- (b) Open market operations ()
- (c) Variable cash reserve ratio ()
- (d) Direct control (✓)
4. Secondary deposit in a commercial bank is also called
- (a) active deposit () (b) passive deposit ()
- (c) derivative deposit (✓) (d) All of the above ()
5. The term 'business cycle' refers to
- (a) fluctuations in aggregate economic activity over time (✓)
- (b) ups and down in the production of goods ()
- (c) increasing unemployment ()
- (d) declining savings ()
6. During the upswing of a trade cycle, the Central Bank of a country will
- (a) lower the cash reserve ratio ()
- (b) raise the cash reserve ratio (✓)
- (c) not change the cash reserve ratio ()
- (d) lower down the cash reserve ratio to the minimum ()
7. According to Keynes, inflationary gap is caused by
- (a) excess demand (✓) (b) excess supply ()
- (c) deficiency of demand () (d) deficiency of supply ()
8. Which of the following measures will help to reduce the rate of inflation?
- (a) Increase in savings ()
- (b) Increase in tax rate (✓)
- (c) Increase in government expenditure ()
- (d) Lowering down the rate of interest ()
9. When the amount of labour used per unit of output is larger than that of capital, it is known as
- (a) capital-intensive technique ()
- (b) manpower planning technique ()
- (c) labour-intensive technique (✓)
- (d) scientific planning technique ()

10. Technological progress helps
- (a) increase overall productivity ()
 - (b) economic development ()
 - (c) economic growth ()
 - (d) All of the above (✓)

(SECTION : B—SHORT ANSWERS)

(Marks : 15)

Write short notes on the following :

3×5=15

UNIT—I

1. Gresham's law

OR

2. High-powered money

UNIT—II

3. Bank rate

OR

4. Functions of commercial banks

UNIT—III

5. Trade cycle

OR

6. Measures to control trade cycle

UNIT—IV

7. Phillips curve

OR

8. Deflation and stagflation

UNIT—V

9. Three growth rates in Harrod-Domar model

OR

10. Difference between economic growth and economic development

(SECTION : C—DESCRIPTIVE)

(Marks : 50)

Answer the following questions :

10×5=50

UNIT—I

1. What is money? Explain the different functions of money. 2+8=10

OR

2. Discuss the Cambridge cash balance approach to quantity theory of money. How far is it superior to the cash transaction approach? 7+3=10

UNIT—II

3. Describe the various instruments used by the Central Bank to control credit. 10

OR

4. Define commercial banks. Discuss the process of credit creation by the commercial banks. 2+8=10

UNIT—III

5. Explain the different phases of business cycle. What are the major causes of business cycles in the economy? 6+4=10

OR

6. Critically examine Hayek's over-investment theory of trade cycle. 10

UNIT—IV

7. What are the main causes of inflation? Suggest suitable measures to control inflation in India. 4+6=10

OR

8. Explain how Phillips curve relates the trade-off between unemployment and inflation in the economy. 10

UNIT—V

9. Critically explain the Harrod-Domar model of economic growth. 10

OR

10. Critically explain the neoclassical model of economic growth. 10
