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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 )

Choose the correct answer from the options provided :

1×10=10

**1.** Paper money is called fiat money because

- (a) it is issued with authority of government
- (b) it is convertible into gold
- (c) it can be easily printed
- (d) it is light weight

- 2.** Barter system means
- (a) purchase and sale of commodity with commodity
  - (b) purchase of commodity with money
  - (c) sale of commodity with money
  - (d) All of the above
- 3.** Derivative deposit in a commercial bank is also called
- (a) active deposit
  - (b) passive deposit
  - (c) primary deposit
  - (d) None of the above
- 4.** In a country, it is possible to have
- (a) two central banks
  - (b) only one central bank
  - (c) three central banks
  - (d) many central banks
- 5.** During the upswing of a trade cycle, the central bank of a country will
- (a) lower the cash reserve ratio
  - (b) lower down the cash reserve ratio to the minimum
  - (c) raise the cash reserve ratio
  - (d) not change the cash reserve ratio
- 6.** Overinvestment theory of trade cycle is associated with
- (a) R. G. Hawtrey
  - (b) F. A. Hayek
  - (c) J. R. Hicks
  - (d) J. M. Keynes

- 7.** Which of the following is a monetary measure to control inflation in an economy?
- (a) Increase in money supply
  - (b) Increase in repo rate
  - (c) Increase in government expenditure
  - (d) All of the above
- 8.** The cost-push inflation is caused by an
- (a) increase in the aggregate demand for goods and services
  - (b) increase in the demand for money
  - (c) increase in the production costs
  - (d) All of the above
- 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) labour-intensive technique
  - (c) scientific technique
  - (d) manpower technique
- 10.** Which of the following growth models inspired the use of capital-output ratio for development planning?
- (a) Harrod-Domar model
  - (b) Solow model
  - (c) Kaldor model
  - (d) Feldman model

**( SECTION : B—SHORT NOTE )**

( 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. Cash Reserve Ratio (CRR)

**OR**

4. Statutory Liquidity Ratio (SLR)

UNIT—III

5. Accelerator

**OR**

6. Phases of trade cycle

UNIT—IV

7. Difference between cost-push inflation and demand-pull inflation

**OR**

8. Phillips curve

UNIT—V

9. Technological progress

**OR**

10. Indicators of economic development

**( SECTION : C—DESCRIPTIVE )**

( Marks : 50 )

UNIT—I

1. Define money. Explain the various functions of money. 3+7=10

**OR**

2. Discuss Fisher's quantity theory of money. What is its limitation? 7+3=10

UNIT—II

3. Define commercial bank. Discuss the functions of commercial bank. 3+7=10

**OR**

4. What is a central bank? Describe the various instruments used by the Central Bank to control credit. 3+7=10

UNIT—III

5. What are the characteristics of trade cycle? Explain the various measurements to control cyclical fluctuations in the economy. 3+7=10

**OR**

6. Discuss Hawtrey's pure monetary theory of trade cycle. 10

UNIT—IV

7. What is inflation? Discuss the effects of inflation on various sectors of the economy. 3+7=10

**OR**

8. What are the causes of inflation? Discuss various measures to control inflation in the economy. 4+6=10

UNIT—V

9. Discuss the relationship between economic growth and technical progress. 10

**OR**

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

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