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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
