

2025

(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*

UNIT—I

1. Explain the concept of money supply.
Discuss the factors responsible for the rapid
increase in money supply. 2+8=10

OR

2. Explain the behavioural model of money
supply. 10

26L/156a

(Turn Over)

(2)

UNIT—II

3. Discuss Tobin's portfolio approach to the demand for money. 10

OR

4. Discuss Friedman's reformulation of the quantity theory of money. 10

UNIT—III

5. Discuss the objectives and the role of monetary policy. 10

OR

6. Explain the working of the 'H' theory of money. What are the major implications of the theory on monetary policy of an economy? 10

UNIT—IV

7. What is fiscal policy? Explain the objectives of fiscal policy in a developing country like India. 2+8=10

OR

8. Explain the recent developments in the Indian fiscal system. 10

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(Continued)

(3)

UNIT—V

9. Discuss the role of a Central Bank in a developing country. 10

OR

10. Explain the process of credit creation by commercial banks. 10

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Subject Code : Ba/EC5.M5

To be filled in by the Candidate

BA / BSc / BCom / BBA / BCA
5th Semester End Term
Examination, 2025 (FYUGP)

Subject

Paper

INSTRUCTIONS TO CANDIDATES

1. The Booklet No. of this script should be quoted in the answer script meant for descriptive type questions and vice versa.
2. This paper should be **ANSWERED FIRST** and submitted within 1 (one) Hour of the commencement of the Examination.
3. While answering the questions of this booklet, any cutting, erasing, overwriting or furnishing more than one answer is prohibited. Any rough work, if required, should be done only on the main Answer Book. Instructions given in each question should be followed for answering that question only.

Signature of
Scrutiniser(s)

Signature of
Examiner(s)

Booklet No. **A** 396

Date Stamp

To be filled in by the
Candidate

BA / BSc / BCom / BBA / BCA
5th Semester End Term
Examination, 2025 (FYUGP)

Roll No.

Regn. No.

Subject

Paper

DESCRIPTIVE TYPE

Booklet No. B

Signature of
Invigilator(s)

2025

(FYUGP)

(5th Semester)

ECONOMICS

(MINOR)

Paper Code : EC5.M5

(Intermediate Macroeconomics—II)

(PART : A—OBJECTIVE)

(Marks : 25)

The figures in the margin indicate full marks for the questions

I. Choose the correct answer by putting a Tick (✓) mark in the brackets provided : 1×15=15

1. Which of the following is known as 'broad money'?

(a) M1 ()

(b) M2 ()

(c) M3 ()

(d) M4 ()

2. The supply of money is a

- (a) flow variable ()
- (b) stock variable ()
- (c) combination of flow and stock variables ()
- (d) None of the above ()

3. RBI considers money multiplier (K_M) as a ratio of

(a) $K_M = \frac{M_0}{M_3}$ ()

(b) $K_M = \frac{M_3}{M_0}$ ()

(c) $K_M = \frac{M_1}{M_3}$ ()

(d) $K_M = \frac{M_3}{M_1}$ ()

4. According to Baumol's inventory approach, the transactions demand for money varies

- (a) inversely with real income ()
- (b) directly with rate of interest ()
- (c) Both (a) and (b) ()
- (d) None of the above ()

5. The real balance effect was put forward by

(a) Milton Friedman ()

(b) J. M. Keynes ()

(c) A. C. Pigou ()

(d) None of them ()

6. _____ is the rate at which the RBI lends money to commercial banks.

(a) Lending interest rate ()

(b) Cash reserve ratio ()

(c) Repo rate ()

(d) Reverse repo rate ()

7. Which of the following is not an instrument of monetary policy?

(a) Tariffs ()

(b) Moral suasion ()

(c) Open market operations ()

(d) Credit rationing ()

8. Which of the following monetary measures will lead to a decrease in the supply of money in the economy?

(a) Reduction in repo rate ()

(b) Reduction in reverse repo rate ()

(c) Increase in statutory liquidity ratio ()

(d) None of the above ()

9. The instruments of monetary policy which directly affect the quantity of money supply are

(a) quantitative instruments ()

(b) qualitative instruments ()

(c) money instruments ()

(d) None of the above ()

10. There can be 'complete crowding-out effect' when

- (a) LM function is perfectly elastic ()
- (b) LM function is perfectly inelastic ()
- (c) IS function is perfectly elastic ()
- (d) IS function is perfectly inelastic ()

11. In which year was the FRBM Act enacted?

- (a) 2003 ()
- (b) 2008 ()
- (c) 2013 ()
- (d) 2018 ()

12. Who regulates the functioning of District Cooperative Banks in India?

- (a) State Government ()
- (b) RBI ()
- (c) State Cooperative Banks ()
- (d) None of the above ()

13. Which of the following is a function of commercial banks?

- (a) Banker to the government ()
- (b) Accepting deposits from the public ()
- (c) Monopoly of issuing notes ()
- (d) All of the above ()

14. To restrict the expansion of credit, the Central Bank

- (a) lowers the bank rate ()
- (b) purchases securities ()
- (c) lowers the variable reserve ratio ()
- (d) raises the bank rate ()

15. RRBs are a part of which of the following?

- (a) The National Bank for Agriculture and Rural Development (NABARD) ()
- (b) The Reserve Bank of India ()
- (c) The Ministry of Finance ()
- (d) The Ministry of Rural Development ()

II. Answer/Write short notes on any *five* of the following : $2 \times 5 = 10$

1. Explain the meaning of money supply.

2. Determinants of money supply

II. Answer the following:

1. Explain the meaning of money supply.

(a) M1

(b) M2

(c) M3

2. To restrict the expansion of the Central Bank

(a) lowers the base rate

(b) purchases securities

(c) lowers the variable reserve ratio

(d) raises the cash ratio

3. Which of the following is not a determinant of money supply?

(a) The National Bank of Ethiopia

(b) The Reserve Bank of India

(c) The Ministry of Finance

(d) The Ministry of Agriculture

3. Liquidity trap

4. Define monetary policy.

5. Instruments of fiscal policy

6. Regional Rural Banks (RRBs)

7. Cooperative Banks

8. NBFC

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[16]

26L—1800

