



**Ba/EC5.M5**

**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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**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 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.

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