

Ba/EC2.M2

2024

( FYUGP )  
( 2nd Semester )



ECONOMICS  
( Minor )

Paper Code : EC2.M2

( **Introductory Macroeconomics** )

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. Explain briefly the methods of measuring national income. State the difficulties in measuring national income. 6+4=10

24L/828a

( Turn Over )

( 2 )

2. Explain with diagram the two-sector circular flow of income model. What are leakages and injections in the context of the model? 6+4=10

UNIT—II

3. Explain Say's law of market with its criticisms. 10
4. What is effective demand? Discuss the determination process of equilibrium level of employment through effective demand. 2+8=10

UNIT—III

5. Define money. Elaborate the functions of money. 2+8=10
6. Elaborate the process of credit creation by commercial banks. State the potential consequences of excessive credit creation. 8+2=10

UNIT—IV

7. Explain the effects of inflation. 10
8. What are the causes of inflation? Discuss the measures to control inflation. 4+6=10

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( Continued )

( 3 )

UNIT—V

9. Define BOP. Explain the components of BOP. 2+8=10
10. Explain in detail the adjustment mechanisms of balance of payments. 10

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**ECONOMICS**

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Paper Code : EC2.M2

**( Introductory Macroeconomics )**

( PART : A—OBJECTIVE )

( Marks : 25 )

*The figures in the margin indicate full marks for the questions*

**A.** Choose the correct answer and put a Tick (✓) mark against the brackets provided : 1×15=15

1. Mixed income of the self-employed means

- (a) gross profits received by proprietors ( )
- (b) rent, interest and profit of an enterprise ( )
- (c) combined factor payments which are not distinguishable ( )
- (d) wages due to family workers ( )

2. NNP at factor cost is

- (a) equal to national income ( )
- (b) more than national income ( )
- (c) less than national income ( )
- (d) always more than GNP ( )

3. In the circular flow model of income, households are

- (a) buyers of goods and services ( )
- (b) sellers of factors of production ( )
- (c) Both (a) and (b) ( )
- (d) None of the above ( )

4. Say's law implies that an increase in production will

- (a) lead to a decrease in demand ( )
- (b) result in excess supply ( )
- (c) cause inflation ( )
- (d) generate income, which will create its own demand ( )

5. In the Keynesian model, the consumption function describes the relationship between

(a) disposable income and savings ( )

(b) investment and government spending ( )

(c) consumption and savings ( )

(d) disposable income and consumption expenditure ( )

6. Which of the following is not a component of aggregate demand?

(a) Producer surplus ( )

(b) Consumption ( )

(c) Investment ( )

(d) Government spending ( )

7. The volume of K in Cambridge equation depends on

(a) money supply ( )

(b) real national income ( )

(c) velocity of circulation ( )

(d) interest rate ( )



8. Money supply means
- (a) currency ( )
  - (b) cash balances held by the government and the banks ( )
  - (c) total stock of money in circulation at any moment ( )
  - (d) currency notes in circulation ( )
9. What role do reserve requirements play in credit creation?
- (a) They limit credit creation ( )
  - (b) They encourage credit creation ( )
  - (c) They have no impact ( )
  - (d) They facilitate credit creation ( )
10. The concept of inflationary gap was given by
- (a) Wicksell ( )
  - (b) Keynes ( )
  - (c) Milton Friedman ( )
  - (d) A. W. Phillips ( )

11. What impact does deflation have on wages?

- (a) Wages decrease due to lower demand for labour ( )
- (b) Wages increase due to higher productivity ( )
- (c) Wages remain same ( )
- (d) Wages fluctuate randomly ( )

12. The primary cause of hyperinflation is

- (a) tight monetary policy ( )
- (b) increase in productivity ( )
- (c) decline in aggregate demand ( )
- (d) excessive money supply growth ( )

13. Which of the following is not included in the Current Account of balance of payments?

- (a) Merchandise ( )
- (b) Travel and transportation ( )
- (c) Transfer payments ( )
- (d) Foreign investment ( )

14. Which of the following is a debit item in balance of payments?

- (a) Import of goods ( )
- (b) Income from investment abroad ( )
- (c) Receipts from transfer payments ( )
- (d) Export of services ( )

15. Which of the following measures will be adopted to remove disequilibrium in BOP?

- (a) Increase in exchange rate ( )
- (b) Devaluation ( )
- (c) Inflation ( )
- (d) Restriction on exports ( )



B. Write short notes on any *five* of the following : 2×5=10

1. Macroeconomics

B. Write short notes on any *five* of the following : 2×5=10

2. Money supply

(a) Import of goods

(b) Income from overseas

(c) Receipts from transfer

3. Inflation

4. Inflation vs. Deflation

5. Quantity theory of money

6. Difference between BOP and BOT

7. Inflationary gap



Register No. A 682

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Date  
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And  
024 (10/2013)

2014  
( FT / CP )  
and Semester )  
ECONOMICS  
Minor  
Code : BBA2  
Macroeconomics I  
Assessment : 40%  
3 hours