

**2025/FYUG/EVEN/SEM/
ECOIDC-151/276**

FYUG Even Semester Exam., 2025

ECONOMICS

(2nd Semester)

Course No. : ECOIDC-151

(Foundation of Economics)

Full Marks : 70

Pass Marks : 28

Time : 3 hours

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

UNIT—I

1. Answer any four of the following questions :

1×4=4

(a) Define circular flow.

(b) Who is regarded as the father of
macroeconomics?

(2)

- (c) What do you mean by four-sector economy?
- (d) Give two examples of flow variable.
- (e) Who is the author of the book, *The General Theory of Employment, Interest and Money*?

2. Answer any one of the following questions : 2

(a) Mention any two limitations of macroeconomics.

(b) Distinguish between stock and flow.

3. Answer any one of the following questions : 8

(a) Explain the nature and scope of macroeconomics.

(b) Distinguish between microeconomics and macroeconomics. Also elaborate the interdependence between microeconomics and macroeconomics. 3+5=8

(3)

UNIT—II

4. Answer any four of the following questions : 1×4=4

- (a) Define national income.
- (b) What do you mean by the problem of double counting?
- (c) Define personal disposable income.
- (d) What do you mean by net indirect tax?
- (e) Define value added.

5. Answer any one of the following questions : 2

(a) Distinguish between money flow and real flow.

(b) Distinguish between final goods and intermediate goods.

6. Answer any one of the following questions : 8

(a) Does increase in national income promote economic welfare? Justify your answer.

(b) Discuss the circular flow of income in a two-sector economy.

UNIT—III

7. Answer any *four* of the following questions :

1×4=4

- (a) What do you mean by laissez-faire economy?
- (b) "Supply creates its own demand." Who said this?
- (c) Define velocity of money.
- (d) Write down the Fisher's equation of exchange.
- (e) What do you mean by 'invisible hand'?

8. Answer any *one* of the following questions :

2

- (a) Name the four economists who contributed to the cash balance approach of the quantity theory of money.
- (b) Mention any two limitations of the classical theory of full employment.

9. Answer any *one* of the following questions : 8

- (a) Critically discuss the classical theory of full employment.
- (b) Make a comparative analysis between the 'transaction approach' and the 'cash balance approach' of the quantity theory of money.

UNIT—IV

10. Answer any *four* of the following as directed :

1×4=4

- (a) Define effective demand.
- (b) Write True or False :
There exists an inverse relationship between MPC and multiplier.
- (c) Define autonomous investment.
- (d) What is export saving?
- (e) If $MPS = 0.75$, find the value of multiplier.

(6)

11. Answer any *one* of the following questions : 2

- (a) Define liquidity trap.
- (b) What do you mean by forward and backward multipliers?

12. Answer any *one* of the following questions : 8

- (a) Briefly explain the Keynesian theory of demand for money.
- (b) Explain the working of multiplier.

UNIT—V

13. Answer any *four* of the following questions : 1×4=4

- (a) Define full-bodied money.
- (b) Mention the primary functions of money.
- (c) Define monetary policy.
- (d) When was the RBI nationalized?
- (e) Define Open Market Operations (OMO).

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(Continued)

(7)

14. Answer any *one* of the following questions : 2

- (a) Write two limitations of the process of multiple credit creation by commercial banks.
- (b) Point out any two functions of central bank.

15. Answer any *one* of the following questions : 8

- (a) Briefly explain the various instruments of monetary policy.
- (b) Explain the primary and secondary functions of money.

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