

## 4/ECO-253 Syllabus-2023

2025

( May-June )

### FYUP : 4th Semester Examination

#### ECONOMICS

( Macroeconomics—II )

( ECO-253 )

Marks : 75

Time : 3 hours

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

Answer **five** questions, taking at least **one**  
from each Unit

#### UNIT—I

1. Discuss the cash balance approach to the quantity theory of money. What are its drawbacks? 9+6=15
2. Compare the cash transactions approach and the cash balance approach to the quantity theory of money. Which approach is superior and why? 10+5=15

D25/1305

( Turn Over )

( 2 )

3. How is Friedman's restatement of the quantity theory of money an improvement over the traditional quantity theory of money? 15

UNIT—II

4. Distinguish between the concepts of 'absolute income' and 'relative income'. Discuss the absolute income hypothesis. 5+10=15
5. "Income-consumption relationship exhibits proportionality in the long run and non-proportionality in the short run." Discuss the statement in light of the relative income hypothesis. 15
6. Discuss the acceleration theory of investment. What are its limitations? 10+5=15

UNIT—III

7. What is the LM curve? Illustrate how it is derived. 3+12=15
8. What is the IS curve? What leads to shift in the IS and LM curves? 3+(6+6)=15
9. Under the IS-LM model, how is equilibrium achieved in the goods and money markets? 15

D25/1305

( Continued )

( 3 )

UNIT—IV

10. Discuss the objectives of economic policies. 15
11. What are the objectives of monetary policy? Briefly explain the instruments of monetary policy. 6+9=15
12. Distinguish between fiscal and monetary policies. Under what circumstances is fiscal policy more effective than monetary policy? 6+9=15

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D25—4500/1305

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