## PGCO-3(PT/9/III)

#### **POST-GRADUATE COURSE**

**Term End Examination :** 

December, 2014 / June, 2015

# COMMERCE

# Paper-III : Macro Economics and International Economic Problems

Time : 2 Hours

Full Marks : 50

(Weightage of Marks : 80%)

Special credit will be given for accuracy and relevance in the answer. Marks will be deducted for incorrect spelling, untidy work and illegible handwriting. The weightage for each question has been indicated in the margin.

#### **MODULE – I**

#### Group - A

Answer any *one* question :  $15 \times 1 = 15$ 

- 1. Describe how equilibrium output, employment and wage are determined in classical system. 15
- 2. Explain how the loanable fund theory helps to attain equilibrium in the financial market. 15

#### Group - B

Answer any *one* question.  $10 \times 1 = 10$ 

- 3. Define IS curve. What are its features ? Derive an IS curve. 2 + 3 + 5
- 4. What are the features of a business cycle ? Briefly explain how multiplier and accelerator are operative in the Hicksian theory of business cycle. 3 + 7

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- 5. Write short notes on any *two* of the following :  $5 \times 2 = 10$ 
  - a) Money multiplier
  - b) Rules vs discretion
  - c) IS-LM equilibrium
  - d) Phillips curve.

## MODULE – II

#### Group - C

Answer any one question :  $15 \times 1 = 15$ 

- 6. What do you mean by a small economy ? Discuss the international flows of capital and goods in a small open economy. What are the impacts of changes in fiscal policy in the small open economy ? 3+7+5
- Discuss the adjustment procedure under the regime of flexible exchange rate. What is exchange rate overshooting ? 10 + 5

### Group - D

Answer any one question.	$10 \times 1 = 10$
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- 8. Define exchange rate exposures. What are its different types ? 2 + 8
- 9. Describe the objectives and functions of the World Bank. 10

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# 3 **PGCO-3(PT/9/III) PGCO-3(PT/9/III)** 4

10. Write short notes on any *two* of the following :

 $5 \times 2 = 10$ 

- a) Functions of forex market
- b) WTO
- c) Effects of capital account convertibility

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- d) Spot market
- e) Special drawing rights of the IMF.