

TDC (CBCS) Even Semester Exam., 2022

ECONOMICS

(4th Semester)

Course No. : ECODSC/GEC-401T

(Principles of Macroeconomics—II)

Full Marks : 70

Pass Marks : 28

Time : 3 hours

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

SECTION—A

Answer any *twenty* from the following questions :

1×20=20

1. Who developed the concept of IS-LM analysis?
2. Why is the LM curve upward sloping?
3. What happens to the IS curve when there is increase in tax?

4. Define aggregate demand.
5. When does the aggregate demand curve shift to the left?
6. What is aggregate supply?
7. Define multiplier.
8. Write an example of multiplier.
9. What is the relationship between GDP and price level?
10. Mention one advantage of multiplier.
11. Define stagflation.
12. What does the Phillip's curve describe?
13. What is cyclical unemployment?
14. Who compared 'inflation with robbers'?

15. Which index number is used to measure the rate of inflation?
16. What is balance of payments?
17. What are current exchange rates?
18. Who regulates foreign exchange in India?
19. What is capital account?
20. What is PPP?
21. Define devaluation.
22. Write the formula for foreign trade multiplier.
23. What is terms of trade?
24. What is dumping?
25. Write one assumption of Ricardian theory of international trade.

(4)

SECTION—B

Answer any *five* from the following questions :

2×5=10

26. What are the properties of IS curve?
27. Mention the reasons for shifting of aggregate demand curves.
28. Why do GDP and price level change in the short-run?
29. What are the components of aggregate supply?
30. What are the various determinants of inflation?
31. What are the main causes of unemployment?
32. Distinguish between balance of payments and balance of trade.
33. Define exchange rate.

(5)

34. Mention two limitations of absolute advantage theory of international trade.

35. Define protection.

SECTION—C

Answer any *five* from the following questions :

8×5=40

36. Explain the derivation of IS and LM curves with the help of suitable diagram.
37. How is aggregate demand curve derived in a closed economy? Explain.
38. What is investment multiplier? Explain the working of multiplier with the help of suitable numerical example.
39. Why is aggregate demand equal to aggregate supply at the equilibrium level of income and output? Explain with the help of a diagram.
40. Explain the difference between demand-pull inflation and cost-push inflation using suitable diagram.

- 41.** Derive the relationship between inflation and unemployment using the Phillip's curve.
- 42.** How is the deficit in balance of payments measured? Explain.
- 43.** Explain the determination of exchange rate with the help of a diagram.
- 44.** Critically explain comparative cost theory of international trade.
- 45.** What are the different types of terms of trade? Explain.

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