

POST-GRADUATE COURSE
Term End Examination : June, 2017
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

Answer any *two* questions : $12 \frac{1}{2} \times 2 = 25$

1. a) Define an LM curve. What are its features ?
b) Derive the slope of the LM curve. $6 \frac{1}{2} + 6$
2. a) Define deposit multiplier. How do the commercial banks create credit ?
b) Derive money multiplier. $6 \frac{1}{2} + 6$
3. Present the monetarist view of short run and long run Phillips curve. $12 \frac{1}{2}$

4. What is loanable fund ? Present the loanable fund theory of interest. $6 + 6 \frac{1}{2}$

MODULE – II

Answer any *two* questions : $12 \frac{1}{2} \times 2 = 25$

5. Distinguish between a small and large economy. Discuss the international flows of capital and goods in a small open economy. Find the possible impacts of changes in the fiscal policy in the small economy. $12 \frac{1}{2}$
6. Discuss the objectives and functions of the World Bank. Present the lending policy of the World Bank with a special emphasis to the developing nations. $12 \frac{1}{2}$
7. Discuss the different techniques related to management of exposures in the foreign exchange market. $12 \frac{1}{2}$
8. Define capital account convertibility. Discuss the effects of capital account convertibility on macro-economy and trade. $12 \frac{1}{2}$