



M 25079

Reg. No. :

Name :

**II Semester M.A./M.Sc./M.Com. Degree (Reg./Sup./Imp.)
Examination, March 2014
(2010 Admn. Onwards)
ECONOMICS**

Paper – V : Macro Economics (Part – II)

Time : 3 Hours

Max. Marks : 80

PART – A

Objective type questions :

1. The relative price of the currency of two countries is

a) Foreign exchange rate	b) Real exchange rate
c) Nominal exchange rate	d) Exchange rate
2. Fiscal policy is introduced by

a) Central Bank	b) Central Government
c) Commercial Banks	d) None of these
3. The level of employment found at the real wage at which the quantity of labour seeking work is just equal to the quantity of labour that firms wish to hire is called

a) Under employment	b) Unemployment
c) Full employment	d) None of these
4. "Money is what money does" stated by

a) Walras	b) Walker
c) William Stanley Jevons	d) William J. Baumol
5. Keynes "General Theory of Employment, Interest and Money" was published in

a) 1956	b) 1946	c) 1936	d) 1926
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6. Currency drain relates to
- Withdrawal of currency from Banks
 - Withdrawal of currency from business firms
 - Flowing of currency to Banks
 - None of these
7. "Inflation is always and everywhere a monetary phenomenon", wrote by
- Milton Friedman
 - Keynes
 - Fischer
 - Marshal
8. Investment is a
- Stock variable
 - Flow variable
 - Static variable
 - None of these
9. The Philips curve shows the relationship between
- Price level and unemployment
 - Income level and unemployment
 - Wage rate and unemployment
 - None of these
10. The concept neutrality of money was advocated by
- Classical economists
 - Neo-classical economists
 - French economists
 - Cambridge economists
- (10×1=10)**

PART – B

Answer **any eight** questions. **Each** answer should not exceed **1¹/₂** page :

- What is exchange rate ? How it is determined ?
- What is Okun's Law ?
- Explain dual decision hypothesis.
- What is Philips curve ?
- What is J curve effect ?
- "Inflation is a Sustained Rise in Price" – Explain.



- What do you mean by multiplier effect ?
 - What is fiscal policy ?
 - What do you mean by labour market equilibrium ?
 - What is Keynesian revolution ?
 - What do you mean by budget deficit ?
- (8×3=24)**

PART – C

Answer **any four** questions. **Each** answer should not exceed **two and a half page** :

- Distinguish between Flexible and Fixed Exchange Rate System.
 - Explain Natural Rate of Unemployment Hypothesis.
 - Explain Neo-Keynesian Quantity Constrained Model.
 - Distinguish between short run and long run Philips curve.
 - What are the objectives of Macro Economic Policy ?
 - Explain Wage Model.
- (4×5=20)**

PART – D

Answer **any two** questions. **Each** answer should not exceed **six pages** :

- What is an Open Economy ? Examine the role and implications of money and capital flows in an open economy.
 - Explain Walrasian General Equilibrium analysis.
 - What is inflation ? Explain the types of inflation. Also analyse the impact of inflation in an economy.
 - Explain the Classical, Neo-classical and Keynesian approach to macro economics.
- (2×13=26)**