

**MA ECONOMICS
FOURTH SEMESTER
MACRO ECONOMIC ANALYSIS-II
MEC-401**

Duration: 3 Hrs.

Marks: 70

{ PART : A (OBJECTIVE) = 20 }
{ PART : B (DESCRIPTIVE) = 50 }

[PART-B : Descriptive]

Duration: 2 Hrs. 40 Mins.

Marks: 50

[Answer question no. One (1) & any four (4) from the rest]

1. (a) Explain the significance of IS-LM model. (5+5=10)
(b) IS-LM model is an extension of Keynes's General theory. Do you agree? Give reason.
2. (a) What is the basic postulate of new-classical economic theory? (5+5=10)
(b) What is mean by "money illusion"?
3. (a) Mention the salient points indicating the crisis in Keynesian economics. (5+5=10)
(b) Mention the name of any economist whose contribution you think is important and list out at least four salient features of the theory of this economist.
4. What is inflation? Explain cost-push inflation. (2+8=10)
5. Explain Phillips curve. (10)
6. Explain Tobin's and Solo's view on the relation between inflation and unemployment. (5+5=10)
7. What are the causes of inflation? Explain. (10)
8. Explain Schumpeter's Innovations Theory of Business cycle. (10)

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[PART-A : Objective]

Choose the correct answer from the following:

1×20=20

1. When the general level of prices is rising, we call that:
 a. Deflation
 b. Inflation
 c. Elevation
 d. None of the above
2. When prices rise slowly and predictably, we call that:
 a. Galloping
 b. Low inflation
 c. Hyperinflation
 d. Deflation
3. Demand pull inflation occurs when
 a. Import exceeds exports.
 b. Aggregate demand rises more rapidly than the economy's productive potential.
 c. Both (a) and (b).
 d. Neither (a) nor (b)
4. The short-run.....shows the inverse relationship between inflation and unemployment.
 a. aggregate supply curve
 b. aggregate demand curve
 c. Phillips Curve
 d. NAIRU
5. During a period of high inflation:
 a. lenders are worse off because they are repaid with currency that is worth more.
 b. lenders are worse off because they cannot find anyone who wants a loan.
 c. borrowers are better off because they can pay off their loans with currency that is worth less.
 d. borrowers are worse off because they have to pay off their loans with currency that is worth more.

6. The trough of a business cycle occurs when _____ hits its lowest point.
 a. inflation
 b. the money supply
 c. aggregate economic activity
 d. the unemployment rate
7. When aggregate economic activity is increasing, the economy is said to be in
 a. an expansion.
 b. a contraction.
 c. a peak.
 d. a turning point.
8. Industries that are extremely sensitive to the business cycle are the
 a. durable goods and service sectors.
 b. nondurable goods and service sectors.
 c. capital goods and nondurable goods sectors.
 d. capital goods and durable goods sectors.
9. Which of the following macroeconomic variables is the most seasonally pro-cyclical?
 a. Expenditure on services
 b. The unemployment rate
 c. Expenditure on durable goods
 d. Expenditure on durable goods
10. IS-LM model is
 a. A tool
 b. A theory
 c. An empirical analysis
 d. All of above
11. By Neo-classical synthesis, we mean
 a. Classical theory
 b. Neo-classical theory
 c. Keynesian theory
 d. None of the above
12. Who is considered an author of the Marginal Revolution?
 a. Alfred Marshall
 b. Joan Robinson
 c. David Ricardo
 d. J. M. Keynes
13. In developing his "General theory of employment, Interest and Money", JM Keynes rejected..
 a. Argodic axiom
 b. Gross substitution axiom
 c. Money Neutrality axiom
 d. All of the above

14. Baumol-Tobin Model is an extension of

- a. Keynesian theory
- b. Classical theory
- c. Marxian theory
- d. New-classical theory



15. The important contribution made by Keynes in defining "Demand for Money" is

- a. Transaction motive
- b. Precautionary motive
- c. Speculative motive
- d. All of the above



16. Post war and post globalization experience in economic development has shown that the "General Theory" propagated by JM Keynes is, in fact-

- a. Not general at all
- b. Perfectly general
- c. Irrelevant
- d. All of above



17. Tobin's portfolio approach postulates that individuals hold their wealth in

- a. Currency notes
- b. Interest bearing bonds
- c. Shares
- d. All of above



18. According to Milton Friedman inflation occurs due to

- a. Excess demand for goods
- b. Excess supply of money
- c. Both(a)and (b)
- d. None of the above



19. Phillips curve is about the relation between

- a. Money and demand
- b. Price and demand
- c. Inflation and unemployment
- d. None of the above



20. Kaldor's model of trade cycle is based on

- a. Savings and investment
- b. Price and quantity supplied
- c. Price and demand
- d. Demand and supply of money



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UNIVERSITY OF SCIENCE & TECHNOLOGY, MEGHALAYA



Question Paper CUM Answer Sheet

[PART (A) : OBJECTIVE]

Serial no. of the main Answer sheet

Course :

Semester : Roll No :

Enrollment No : Course code :

Course Title :

Session : 2016-17 Date :

Instructions / Guidelines

- > The paper contains twenty (20) / ten (10) questions.
- > The student shall write the answer in the box where it is provided.
- > The student shall not overwrite / erase any answer and no mark shall be given for such act.
- > Hand over the question paper cum answer sheet (Objective) within the allotted time (20 minutes / 10 minutes) to the invigilator.

Full Marks	Marks Obtained	Remarks
20		

Scrutinizer's Signature

Examiner's Signature

Invigilator's Signature