(Pages : 3)

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Reg. No. : .....

Name : .....

Fifth Semester B.A. Degree Examination, December 2017

First Degree Programme Under CBCSS

ECONOMICS

Core Course – VII

EC-1542 : Macro Economics – II

(2013 and 2014 Admn.)

Time : 3 Hours

Max. Marks : 80

SECTION – I

Answer in **one** or **two** sentences (Attempt **all** questions) :

1. Liquidity preference.
2. Creeping inflation.
3. Macroeconomics.
4. Boom.
5. Transaction demand for money.
6. Trade cycle.
7. Barter system.
8. Velocity of circulation of money.
9. Exchange rate.
10. Money.

(10×1=10 Marks)

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SECTION – II

Answer **any eight** questions **not** exceeding **one** paragraph. **Each** carries **2** marks.

11. Explain neutrality of money.

12. What liquidity trap ?

13. Explain Fisher effect.

14. Explain Natural rate of Unemployment.

15. Explain Pigou effect.

16. Explain demand for money.

17. Transfer Payments.

18. What is consumer price index ?

19. What is money supply ?

20. Explain Monetary policy.

21. List out the factors affecting money supply in an economy.

22. What are the social costs of inflation ?

(8×2=16 Marks)

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SECTION – III

Answer **any six** questions **not** exceeding **120** words. **Each** question carries **4** marks.

23. What are the determinants of investment ?

24. What absolute income hypothesis ?

25. Discuss the H-theory of money supply.

26. Explain clearly the cash balance approach.

27. What is life cycle hypothesis ?

28. Explain Philips Curve.

29. What is Fiscal policy ?

30. What is classical dichotomy ?

31. Distinguish between real and nominal rate of interest. (6×4=24 Marks)

SECTION – IV

Answer **any two** questions **not** exceeding **four** pages. **Each** question carries **15** marks.

32. Critically explain the liquidity preference theory of money.

33. Critically examine the Permanent Income Hypothesis.

34. Friedman's reformulation of Quantity Theory of Money (QTM) involves the inter-action of money, price level and rate of interest. Elucidate.

35. Explain the Hick's theory of trade cycle. (2×15=30 Marks)

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