(Pages : 3) **K – 2996**

Reg. No. : .....

Name : .....

Fifth Semester B.A. Degree Examination, February 2021

First Degree Programme under CBCSS

Economics

Core Course VII

EC 1542 : MACRO ECONOMICS II

(2015-2017 Admission)

Time : 3 Hours Max. Marks : 80

SECTION – I

Answer **all** questions in one word to maximum of two sentences. Each question carries **1** mark.

1. Cross-sectional data.
2. Transitory income.
3. Demonstration effect.
4. Autonomous investment.
5. Stagflation.
6. Multiplier.
7. Liquidity trap.
8. Pigou effect.

P.T.O.

9. Velocity of money.

10. Marginal efficiency of capital.

(10 × 1 = 10 Marks)

SECTION – II

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

11. Write a note on subjective factors influencing consumption.

12. State Keynes' Psychological Law of Consumption.

13. Explain briefly the Keynesian multiplier. Calculate the value of investment multiplier when MPS is equal to 20%.

14. What is Phillips Curve?

15. Fisher's equation of exchange.

16. Write a note on Cost push inflation.

17. What is meant by the monetary base?

18. Consumption puzzle.

19. Discuss briefly the phases of trade cycle.

20. Discuss the main objectives of monetary policy.

21. What is deflationary gap?

22. What are the constituents of money-supply in India?

(8 × 2 = 16 Marks)

SECTION – III

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

23. Define acceleration principle. Explain its working.

24. Distinguish between short run and long run Phillips Curves.

25. Explain the Crowding out effect with the help of IS-LM Model.

26. What are the costs of inflation?

27. Explain the H theory of money supply.

28. Discuss the measures to control trade cycles.

29. What are the reasons for holding money in the Keynesian system?

30. How does Life Cycle Hypothesis solve consumption puzzle?

31. What are the determinants of Keynesian Investment function?

(6 × 4 = 24 Marks)

SECTION – IV

Answer **any two** questions not exceeding **4** pages. Each question carries **15** marks.

32. Critically explain the Hicksian theory of trade cycle.

33. Derive IS and LM curves and explain the basic ISLM model.

34. Critically evaluate permanent income hypothesis.

35. Examine Friedman's restatement of the quantity theory of money.

(2 × 15 = 30 Marks)
