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TRIVANDRUM

Fifth Semester B.A. Degree Examination, February 2021.

First Degree Programme under CBCSS

Economics

Core Course VII

EC 1542 – MACRO ECONOMICS - II

(2018 Admission - Regular)

Time : 3 Hours

Max. Marks : 80

SECTION – I

Answer in **one** or **two** sentences. Attempt **all** questions

1. LM curve
2. Fiat money
3. APC
4. Speculative motive
5. Liquidity trap
6. Hyper inflation
7. GDP deflator

P.T.O.

8. Core inflation

9. Trade cycles

10. Equation of exchange

SECTION – II

(10 × 1 = 10 Marks)

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

11. Explain the concept of deflationary gap

12. What is moral suasion?

13. If the value of MPS is 0.2, what is the rate of income multiplier?

14. Explain the concept of galloping inflation.

15. Distinguish between real and financial investment.

16. Explain savings function.

17. Explain the concept of cyclical unemployment.

18. What is inventory investment?

19. Explain the concept of transitory income.

20. Explain Keynesian investment function.

21. Given an economy consuming 100 Crores annually with MPC = 0.8, find out the equilibrium level of income for the economy.

22. What is cost push inflation?

23. What is Pigou effect?

24. What is induced investment?

25. Distinguish between fiscal and monetary policy.

26. Explain Keynes effect.

(8 × 2 = 16 Marks)

SECTION-III

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

27. Explain determinants of consumption expenditure.

28. Business cycle fluctuations are essentially a growth phenomenon. Explain.

29. Explain trade cycle theory of Hayek.

30. Examine consumption puzzle.

31. How Friedman restated the quantity theory of money?

32. Distinguish between MEC and MEI.

33. Explain the different possibilities of dampeners on accelerator.

34. Explain real balance effect.

35. How saving paradox emerges?

36. Explain the relationship between inflation and unemployment.

37. Explain the significance of WPI and CPI in measuring inflation.

38. Explain the leakages in multiplier process.

(6 × 4 = 24 Marks)

SECTION–IV

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

39. Critically examine relative income hypothesis of consumption.

40. Examine the theory of long run Phillips curve.

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41. Explain the working of quantitative credit control tools.

42. How quantity theory of money forms the base for classical macro economics?

43. Illustrate the simultaneous attainment of product and money market equilibrium under IS LM frame work.

44. Examine the significance of life cycle hypothesis in determining long run consumption behaviour.

(2 × 15 = 30 Marks)
