

(Pages : 3)

P – 2239

Reg. No. :

Name :

Fifth Semester B.A. Degree Examination, December 2022

First Degree Programme Under CBCSS

Economics

EC 1542 – MACRO ECONOMICS – II

(2013-2014 Admission)

Time : 3 Hours

Max. Marks : 80

SECTION - I

Answer **all** questions in **one** word to maximum of **2** sentences. Each question carries **1** mark.

1. Disposable income.
2. Barter economy.
3. Liquidity trap.
4. Inflation.
5. Bank rate.
6. APC and MPC.
7. Value of money.
8. GDP deflator.
9. Consumer price index.
10. Monetary base.

(10 × 1 = 10 Marks)

P.T.O.

SECTION - II

Answer **any eight** questions not exceeding **1 Paragraph**. Each question carries **2 marks**.

11. Write down the difference between metallic money and paper money.
12. What is the consumption puzzle?
13. Define Okun's law.
14. Examine the scope of macroeconomic policy.
15. What is meant by Fisher's equation of exchange?
16. Explain the phases of the trade cycle.
17. Distinguish between real interest rate and nominal interest rate.
18. What is cost-push inflation? What are its essential causes?
19. How the Central Bank uses open market operations to control the money supply?
20. What is meant by investment instability?
21. Explain the Pigou effect.
22. Briefly explain the concept of the natural rate of unemployment.

(8 × 2 = 16 Marks)

SECTION - III

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

23. What are the factors determining consumption?
24. Examine Liquidity Preference Theory.

25. Distinguish between capital and investment. What are the main determinants of investment?
26. What are the essential elements of the life cycle hypothesis of consumer behaviour? Explain.
27. Explain Hick's theory of the trade cycle.
28. State the objectives of fiscal policy.
29. How does inflation affect income distribution and economic growth?
30. Explain the concept of the money multiplier. How is a money multiplier different from a deposit multiplier?
31. What is the difference between the short-run and long-run Phillips Curve?

(6 × 4 = 24 Marks)

SECTION - IV

IV. Answer **any two** not exceeding **4** Pages. Each question carries **15** marks.

32. Critically evaluate Permanent Income Hypothesis.
33. What are the fiscal and monetary measures for controlling inflation? Are fiscal or monetary measures more effective in controlling inflation?
34. State and explain Friedman's restatement of the Quantity theory of money.
35. Discuss the Quantitative and Qualitative credit control measures of RBI.

(2 × 15 = 30 Marks)
