

(Pages : 3)

S – 1439

Reg. No. :

Name :

Fifth Semester B.A. Degree Examination, December 2023

First Degree Programme under CBCSS

Economics

Core Course VII

EC 1542 – MACRO ECONOMICS II

(2015–2018 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. Exogenous variable
2. Gross investment
3. Medium of exchange
4. Stagflation
5. Cost of capital
6. Open market operations
7. Personal consumption expenditure
8. LM curve
9. Cash Reserve Ratio
10. Small open economy

(10 × 1 = 10 Marks)

P.T.O.

SECTION – II

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

11. What do you understand by consumption puzzle?
12. Define super multiplier.
13. Write down the causes of inflation.
14. What is Pigou effect?
15. Describe the different phases of trade cycle.
16. Explain Demonstration effect.
17. Give the meaning of monetary transmission mechanism.
18. What is money multiplier? Examine the factors affecting the value of money multiplier.
19. Why does the IS curve slope downward?
20. Distinguish between the transaction equation and income equation of the quantity theory of money.
21. Examine the relationship between marginal efficiency of capital and rate of interest.
22. What is NAIRU?

(8 × 2 = 16 Marks)

SECTION – III

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

23. Examine the role of fiscal policy in achieving economic stability.
24. What are the indices used in the measurement of inflation in India?
25. Briefly explain the accelerator theory of investment.

26. Examine Hicks theory of trade cycle.
27. Discuss Cambridge version of quantity theory of money.
28. Explain shifts in LM curve.
29. What are the factors influencing consumption? Examine.
30. Describe the objectives of India's macroeconomic policies.
31. What is meant by paradox of thrift? Explain.

(6 × 4 = 24 Marks)

SECTION – IV

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

32. Describe briefly the Life Cycle Theory of consumption. How does Life Cycle Hypothesis resolve consumption puzzle?
33. What are the types of inflation? Examine the effects of inflation on different groups of people.
34. Critically examine Liquidity preference theory.
35. Explain the instruments of monetary policy.

(2 × 15 = 30 Marks)