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Name.....33.....

Reg. No.....

**FOURTH SEMESTER B.A. DEGREE EXAMINATION, APRIL/MAY 2015**

(UG—CCSS)

Core Course—Economics

EC 4B 06—MICROECONOMICS—II

(2009—2012 Admissions)

Time : Three Hours

Maximum : 30 Weightage

*Answers may be written either in English or in Malayalam.*

I. Objective Type Questions. Answer all the twelve questions.

A Choose the correct answer :

1 The distinction between inside money and outside money was made by :

- (a) Don Patinkin. (b) Gurley and Shaw.  
(c) Lord Keynes. (d) Milton Friedman.

2 The basis of the Philips curve is an empirical study conducted in :

- (a) US Economy. (b) German Economy.  
(c) French Economy. (d) British Economy.

3 Monetary policy will be trivial at :

- (a) Full employment level. (b) Underemployment level.  
(c) Liquidity trap. (d) Hyper inflation.

4 IS curve shows :

- (a) Upward sloping curve.  
(b) Equilibrium in the real sector.  
(c) Equilibrium in the money market.  
(d) General equilibrium.

B Fill in the blanks :

- 5 The asset demand for money is a contribution of \_\_\_\_\_.  
6 High powered money is also known as \_\_\_\_\_.  
7 Considering the creditors and the debtors, inflation is beneficial to the \_\_\_\_\_.  
8 According to Hawtray, business cycle is caused by \_\_\_\_\_.

Turn over



C Answer in a word/sentence :

- 9 Involuntary unemployment.
- 10 Liquidity trap.
- 11 Recession.
- 12 Foreign trade multiplier.

(12 × ¼ = 3 weight)

II. Short answer questions. Answer all *nine* questions :—

- 13 Define near money.
- 14 What is stagflation ?
- 15 Define outside money.
- 16 What is outside money ?
- 17 Define Okun's law.
- 18 What is meant by crowding out effect ?
- 19 Define balance of payment.
- 20 Define devaluation.
- 21 What is meant by repo-rate ?

(9 × 1 = 9 weight)

III. Short answer/paragraph questions. Answer any *five* out of seven :

- 22 Distinguish between inside money and outside money.
- 23 Briefly explain the Friedman's restatement of the quantity theory.
- 24 What are the fundamental postulates of monetarism ?
- 25 What is meant by money supply ? Explain the major constituents of money supply
- 26 Examine the significance of liquidity trap.
- 27 Explain the concept of demand pull inflation.
- 28 Explain the Hawtry-Keynes controversy in the interest rate mechanism.

(5 × 2 = 10 weight)

IV. Essays. Answer any *two* out of three :

- 29 Briefly explain the mechanistic model of money supply.
- 30 What is meant by business cycle ? Examine the different phases.
- 31 Define inflation. How is inflation measured in India ?

(2 × 4 = 8 weight)