

15U637

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Name: .....

Reg. No.....

**SIXTH SEMESTER B.A. DEGREE EXAMINATION, MARCH 2018**

(CUCBCSS-UG)

**CC15U ECO6 B11 - MACROECONOMICS II**

Economics–Core Course

(2015 Admission)

Time: Three Hours

Maximum: 80 Marks

**Section A**

Objective type questions. Answer *all* questions

1. At Liquidity Trap, the elasticity of demand for money is  
A) Zero                      B) One                      C) Infinity                      D) None of these
2. Portfolio Theory of demand for money is associated with  
A) Friedman                      B) Tobin                      C) Keynes                      D) None of these
3. The liability of the Central Bank is known as  
A) High Powered Money                      B) Monetary Base  
C) Both A or B                      D) Only A
4. The value of Money Multiplier is  
A) Less than 1                      B) Zero                      C) One                      D) Greater than 1
5. Whom will inflation make better off?  
A) Creditor                      B) Debtor                      C) Both A & B                      D) No such effect
6. The influence of trade unions can cause  
A) Cost Push Inflation                      B) Demand Pull Inflation  
C) Either A or B                      D) None of these
7. One-for-one relation between the inflation rate and the nominal interest rate is called  
A) Fisher Effect                      B) Taylor Effect  
C) Phillips Curve                      D) None of the above
8. Unemployment can be kept below natural rate by allowing  
A) Inflation                      B) Accelerating Inflation  
C) Decelerating Inflation                      D) None of these
9. IS curve shows the equilibrium in the  
A) Goods Market                      B) Labour Market                      C) Money Market                      D) Input Market
10. Phillips curve shows the relationship between unemployment and  
A) Poverty                      B) Inflation                      C) Money Supply                      D) Exchange rate
11. Which policy will be effective when LM curve is vertical?  
A) Fiscal Policy                      B) Monetary Policy  
C) Both A & B                      D) None of the above

12. Job search results in what kind of unemployment?

- A) Structural                      B) Seasonal                      C) Frictional                      D) Educated

(12 x ½ = 6 Marks)

### Section B

Answer any *ten* Questions. Each question carries 2 marks

13. What is Demand Pull Inflation?

14. What is Near Money?

15. Explain Stagflation.

16. What is Monetary Policy?

17. Define Precautionary Demand for Money.

18. What is Sacrifice ratio?

19. What is Voluntary Unemployment?

20. Define Balanced Budget.

21. Define Inflationary Gap.

22. What is Okun's Law?

23. Define Narrow Money.

24. What is Crowding Out?

(10 x 2 = 20 Marks)

### Part C

(Short Essays)

Answer any *six* questions. Each question carries 5 marks

25. Explain Quantity Theory of Money.

26. Discuss the functions of Money.

27. Distinguish between Inside Money and Outside Money.

28. Explain different measures of money supply.

29. What are the different phases of a Trade Cycle?

30. Discuss Hayek's trade cycle theory.

31. Explain H – Theory of Money.

32. Explain the derivation of BP curve.

(6 x 5 = 30 Marks)

### Part D

(Long Essays)

Answer any *two* questions. Each question carries 12 marks

33. Discuss the Keynesian Liquidity Preference Theorem.

34. Explain expectations augmented Phillips Curve. Discuss the policy implications.

35. Explain the different phases of Business Cycle. Explain Hawtrey's Theory.

36. Discuss the effectiveness of fiscal and monetary policy using ISLM framework.

(2x 12 = 24 Marks)

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