

16U637

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Name:

Reg. No:

SIXTH SEMESTER B.A. DEGREE EXAMINATION, APRIL 2019

(Regular/Supplementary/Improvement)

(CUCBCSS-UG)

CC15U ECO6 B11 - MACROECONOMICS II

Economics -Core Course

(2015 Admission onwards)

Time: Three Hours

Maximum: 80 Marks

Answers may be written either in English or in Malayalam

Part A

Answer *all* questions. Each question carries ½ mark.

1. Time Deposit is an example for
(a) Money (b) Near money (c) Outside money (d) Liquid money
2. Which policy fails when the economy is in liquidity trap?
(a) Fiscal Policy (b) Income Policy (c) Monetary Policy (d) Trade Policy
3. Money multiplier is directly related to
(a) MPC (b) MPS (c) MPI (d) Rate of interest
4. In the theory of money supply, M2 refers to
(a) M1 + Post Office Deposits (b) M1 + Time Deposits
(c) M1 + Near Money (d) M1 + Treasury Bills
5. The quantity theory of money was first introduced by
(a) J S Mill (b) David Hume (c) Fisher (d) H Thornton
6. Cost push inflation mainly causes due to
(a) Profit push (b) Rent push (c) Interest push (d) Wage push
7. According to Okun's law for every 1% increase in unemployment, there will be loss in GDP
(a) 3% (b) 4% (c) 2% (d) 5%
8. Mixed inflation is the result of
(a) Problems in a mixed economy (b) Demand pull and cost push factors
(c) Trade cycles (d) Money supply
9. Vertical long run Phillip's curve shows therelationship between unemployment and inflation.
(a) absence of (b) inverse (c) direct (d) None of these

10. Hayek's theory of trade cycle is based on

- (a) Keynesian theory (b) Hawtrey's theory (c) Wicksell's theory (d) Monetary theory

11. Income policy is based on the idea that inflation is mainly the result of factors

- (a) demand pull (b) cost push (c) money supply (d) money demand

12. BP curve becomes when there is perfect capital mobility.

- (a) Upward sloping (b) vertical (c) downward sloping (d) horizontal

(12 x 1/2 = 6 Marks)

Part B

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

13. What is high powered money?

14. What is meant by voluntary unemployment?

15. What is a business cycle?

16. Define IS curve.

17. What are the measures of money supply?

18. What is structural inflation?

19. What is meant by income policy?

20. How is equilibrium reached in the IS-LM model?

21. How is the **LM** curve shifted?

22. What are the instruments of fiscal policy?

23. What is stagflation?

24. What is meant by liquidity trap?

(10 x 2 = 20 Marks)

Part C

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

25. What are the functions of money?

26. What are the measures to control inflation?

27. Explain the working of monetary policy instruments.

28. How is **IS** curve derived?

29. Explain the concept inflationary gap with the help of a diagram.

30. Explain Hawtrey's theory of trade cycle.

31. Compare and explain the implications of short run and long run Phillips curves.

32. Explain the shifting of **IS** curve by relevant factors.

(6 x 5 = 30 Marks)

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Part D

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

33. Explain Friedman's restatement of the quantity theory of money. Is it a theory of demand for money?

34. What is meant by unemployment? Explain different types of unemployment.

35. Compare and contrast Keynesian and monetarist theories of trade cycle.

36. Explain the derivation of IS and LM curves. How is equilibrium reached in a closed economy?

(2 x 12 = 24 Marks)

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