

**FOURTH SEMESTER (CBCSS—UG) DEGREE EXAMINATION
APRIL 2021**

Economics

ECO 4B 06—MACROECONOMICS—II

Time : Two Hours and a Half

Maximum : 80 Marks

Section A (Short Answer Questions)

Answer at least ten questions.

Each question carries 3 marks.

All questions can be attended.

Overall Ceiling 30.

1. What is meant by Trade-off ?
2. Define headline inflation.
3. What is meant by deflator ?
4. Define Sacrifice ratio.
5. What is public spending ?
6. Explain ex-post saving.
7. Explain the relationship between bond price and interest rate.
8. Distinguish between monetary policy and fiscal policy.
9. What is investment multiplier ?
10. Distinguish between WPI and CPI.
11. What is meant by wage-price spiral ?
12. Define cyclical unemployment.
13. What is meant by Usual Status Unemployment ?
14. What is 'Trough' point in business cycle ?
15. What is meant by Quantitative easing ?

(10 × 3 = 30 marks)

Section B (Short Essay Questions)

Answer at least five questions.

Each question carries 6 marks.

All questions can be attended.

Overall Ceiling 30.

16. What determines the slope of IS curve ?
17. What are the important properties of LM curve ?
18. Distinguish between structural and demand pull theory of inflation.
19. Critically examine the Okun's law.
20. What are the important phases of business cycle ?
21. What are the different types and methods of measurement of unemployment in India.
22. Examine the counter-cyclical fiscal policy measures of business cycle ?
23. What is meant by monetary transmission mechanism ?

(5 × 6 = 30 marks)

Section C (Long Essay Questions)

Answer any two questions.

Each question carries 10 marks.

24. What is NAIRU ? Critically examine the short run and long run Phillips curve.
25. Examine the importance of simultaneous equilibrium of goods and money market in an economy.
26. Make a comparative study of Hawtrey's and Hayek's theory of business cycle.
27. What are the important fiscal and monetary policy instruments ? Discuss the effectiveness of the policies in combating inflation.

(2 × 10 = 20 marks)