

C 21590

(Pages : 2)

Name.....

Reg. No.....

**FOURTH SEMESTER (CBCSS—UG) DEGREE EXAMINATION
APRIL 2022**

Economics

ECO 4B 06—MACRO ECONOMICS—II

(2019 Admission onwards)

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 ex-ante investment ?
2. Distinguish between CPI and PPI.
3. What do you mean by financial market ?
4. What is meant by wage push inflation ?
5. State 'Hyperinflation'.
6. Distinguish between core inflation and headline inflation.
7. What is Monetarism ?
8. Define frictional unemployment.
9. Define Stagflation.
10. What is Current Daily Status unemployment ?
11. Define 'Recession'.
12. What is Bond ?
13. What is quantitative easing ?
14. Distinguish between repo and reverse repo rate.
15. What are the responsibilities of Monetary Policy Committee ?

(10 × 3 = 30 marks)

Turn over

Section B (Short Essay Questions)

*Answer at least **five** questions.*

Each question carries 6 marks.

All questions can be attended.

Overall Ceiling 30.

16. Examine the causes of the Great depression of 1930s and 2008.
17. Critically examine the short run and long run Phillips curve.
18. What are the important properties of IS curve ?
19. What are the important instruments to mitigate business cycle ?
20. Critically examine the Okun's law.
21. What are the important types of unemployment ?
22. How does inflation affect different sections of people in a society ?
23. Critically examine the Hayek's theory of business cycle.

(5 × 6 = 30 marks)

Section C (Long Essay Questions)

*Answer any **two** questions.*

Each question carries 10 marks.

24. Derive IS and LM curves. Discuss the various reasons for a shift in IS and LM curve.
25. What are the important policy instruments to control inflation ?
26. Discuss the effectiveness of fiscal and monetary policies during the great depression of 1930s and 2008.
27. Evaluate the monetarist interpretation of trade cycle. Discuss the contra cyclical policy measures of trade cycle.

(2 × 10 = 20 marks)

C 21590-A

(Pages : 4)

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(2019 Admission onwards)

(Multiple Choice Questions for SDE Candidates)

Time : 15 Minutes**Total No. of Questions : 20****Maximum : 20 Marks****INSTRUCTIONS TO THE CANDIDATE**

1. This Question Paper carries Multiple Choice Questions from 1 to 20.
2. The candidate should check that the question paper supplied to him/her contains all the 20 questions in serial order.
3. Each question is provided with choices (A), (B), (C) and (D) having one correct answer. Choose the correct answer and enter it in the main answer-book.
4. The MCQ question paper will be supplied after the completion of the descriptive examination.

ECO 4B 06—MACRO ECONOMICS—II

(Multiple Choice Questions for SDE Candidates)

1. The main type of an employment referred by the Classics :
 - (A) Voluntary.
 - (B) Involuntary.
 - (C) Both.
 - (D) None.
2. The concept of disguised unemployment is developed by :
 - (A) Keynes.
 - (B) Adam Smith.
 - (C) Nurkse.
 - (D) Samuelsson.
3. The term Stagflation is coined by :
 - (A) Samuelson.
 - (B) Iain Macleod.
 - (C) Keynes.
 - (D) None.
4. A business cycle has :
 - (A) Three phases.
 - (B) Four phases.
 - (C) Five phases.
 - (D) Six phases.
5. Which of the following is not an objective of monetary policy ?
 - (A) Price stability.
 - (B) Balance of Payments equilibrium.
 - (C) Economic growth.
 - (D) Reduction in export.
6. Which of the following is an example of qualitative credit control measure ?
 - (A) Variable reserve ratio.
 - (B) Prescribing margin requirements.
 - (C) Discriminatory taxes.
 - (D) Open market operations.
7. Fiscal Policy refers to policy towards :
 - (A) Public revenue.
 - (B) Public expenditure.
 - (C) Public debt.
 - (D) All of the above.

8. Economists use the term shocks to mean :
- (A) Unexpected government actions that affect the economy.
 - (B) Typically unpredictable forces that have major impacts on the economy.
 - (C) Sudden rises in oil prices.
 - (D) The business cycle.
9. Peaks and troughs of the business cycle are known collectively as :
- (A) Volatility.
 - (B) Turning points.
 - (C) Equilibrium points.
 - (D) Real business cycle events.
10. Decrease in money supply shift the LM curve to the :
- (A) Right.
 - (B) Left.
 - (C) No change.
 - (D) Any of these.
11. A temporary unemployment which exists during the period of the transfer of labor from one occupation to another is called :
- (A) Voluntary Unemployment.
 - (B) Involuntary Unemployment.
 - (C) Cyclical Unemployment.
 - (D) Frictional Unemployment.
12. When was great Recession ?
- (A) 1929.
 - (B) 2007.
 - (C) 2008.
 - (D) 1930.
13. Fiscal policy in India is formulated by :
- (A) Reserve Bank of India.
 - (B) Planning Commission.
 - (C) Finance Ministry.
 - (D) Securities and Exchange Board of India.
14. Which one of the following is the largest item of expenditure of the Government of India on revenue account ?
- (A) Defense.
 - (B) Pensions.
 - (C) Subsidies.
 - (D) Interest payments.
15. Involuntary unemployment is almost zero in the _____ phase of business cycle.
- (A) Expansion.
 - (B) Contraction.
 - (C) Trough.
 - (D) Depression.

Turn over

16. The economy is said to be overheated at the _____ phase of business cycle.
- (A) Expansion. (B) Peak.
(C) Contraction. (D) Depression.
17. Cost of living increases when business cycle is _____.
- (A) Expanding. (B) Contracting.
(C) At peak. (D) At lowest point.
18. The economist who proposed that, "Inflation is always and everywhere a monetary phenomenon" was :
- (A) John Maynard Keynes. (B) John R. Hicks.
(C) Milton Friedman. (D) Franco Modigliani.
19. An unrealistically low unemployment target will most likely result in :
- (A) Inflation.
(B) An unemployment rate falling below the natural rate.
(C) Excessive monetary growth.
(D) All of the above.
20. According to the monetarists, inflation is caused by :
- (A) Supply shocks. (B) Expansionary fiscal policies.
(C) Expansionary monetary policies. (D) Rising prices.