



M 8421

Reg. No. :

Name :

IV Semester B.A. Degree (CCSS – Reg./Supple./Imp.)
Examination, May 2015
CORE COURSE IN ECONOMICS/DEVELOPMENT ECONOMICS
4 B05 ECO : Macro Economic Analysis – II
(2012 Admn. Onwards)

Time : 3 Hours

Max. Weightage : 30

Instruction : Answer may be written either in **English** or in **Malayalam**.

PART – A

Objective type questions (in bunches of **two**) :

I. Choose the correct answer :

- 1) Inflation is beneficial to
 - a) Creditors
 - b) Debtors
 - c) Investors in bonds
 - d) Consumers
- 2) The percentage of total deposits which commercial banks are required to maintain in the form of cash reserve with the central bank.
 - a) CRR
 - b) SLR
 - c) Bank Rate
 - d) None of these
- 3) Which of the following is not an assumption in Domar's growth model ?
 - a) Closed economy
 - b) Constant propensity to save
 - c) Changing capital output ratio
 - d) None of these
- 4) The relationship between MEC and prospective annual yield is
 - a) Direct
 - b) Inverse
 - c) Negative
 - d) None of these

(Weightage : 1)

P.T.O.



- II. 5) Schumpeter's theory of Business cycle is based on which of the following factors ?
- Interaction of multiplier and accelerator
 - Under-consumption
 - Over-investment
 - Innovations
- 6) _____ in the balance of payments means an inflow of income into the country.
- Deficit
 - Surplus
 - Both of them
 - None of these
- 7) 'Pump priming' during Depression aims at
- Stimulating private investment
 - Increasing public investment
 - Decreasing private investment
 - None of these
- 8) The _____ curve suggests that raising tax rate upto a limit increases revenue, but beyond a limit it decreases tax revenue.
- Laffer Curve
 - Phillips Curve
 - Supply Curve
 - None of these

(Weightage : 1)

PART - B

Short answer questions. Answer **any ten** questions of the following not exceeding **50 words each**. **Each** question carries **1** weightage.

- Explain the Natural Rate of Unemployment.
- What is SLR ?
- What is Aggregate Supply Curve ?
- What are the characteristics of Business cycle ?
- What is Warranted rate of growth ?
- Explain Neo-Classical Theory of Inflation.



- Distinguish Growth and Development.
- What are Rational Expectations ?
- What is Capital-Output Ratio ?
- What is Autonomous Investment ?
- Define Inflation.
- What is Monetary Policy ?

(Weightage : 1×10)

PART - C

Short Essay. Answer **any five** questions not exceeding **150 words each**. **Each** question carries **2** weightage.

- What are the effects of Inflation ?
- Explain the quantitative instruments of Monetary Policy.
- Explain Disembodied and embodied technical change.
- Explain Phillips Curve.
- Explain Supply Side Economics.
- Explain Keynes' Theory of Business Cycle.
- Explain the different approaches to the theory of Inflation ?

(Weightage : 2×5)

PART - D

Long Essay. Answer **any two** questions not exceeding **450 words each**. **Each** question carries **4** weightage.

- Explain the Growth Models.
- Explain short run and longrun Phillips Curves.
- Explain Hick's Accelerator-Multiplier Interaction.
- Explain the objectives of Fiscal Policy.

(Weightage : 4×2)