



Reg. No. : .....

Name : .....

IV Semester B.A. Degree (CCSS-Supple./Imp.) Examination, May 2016  
**CORE COURSE IN ECONOMICS/DEVELOPMENT ECONOMICS**  
**4B05 ECO : Macro Economic Analysis – II**  
**(2011 and Earlier Admissions)**

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) According to Freedman's theory of adaptive expectations there may be a trade off between rates of inflation and unemployment in the
  - a) long run
  - b) short run
  - c) both
  - d) none of these
- 2) When the cause of cost push inflation is the rise in wages it is called
  - a) demand pull inflation
  - b) wage push inflation
  - c) both
  - d) none of these
- 3) Which of the following will not result in an increase in the level of income ?
  - a) An increase in autonomous spending
  - b) A decrease in autonomous taxes
  - c) An increase in autonomous transfer
  - d) An increase in net tax revenue
- 4) To curve recession fiscal policy adopted is
  - a) expansionary
  - b) contractionary
  - c) both
  - d) none

(Weightage = 1)

P.T.O.



- II. 5) The relationship between a change in investment as a result of change in income is
- a) Super multiplier                      b) Multiplier  
c) Accelerator                              d) None of these
- 6) Laffer curve shows that after a certain point increase in tax rates can \_\_\_\_\_ tax revenue as incentives to work, save and investment are adversely affected.
- a) increase                                      b) reduce  
c) remains the same                          d) none of these
- 7) The fundamental equation in Harrod-Domar model is
- a)  $Gy - Gw$               b)  $Gw = y$               c)  $Gn = y$               d) none of these
- 8) Neo-classical growth theory implies \_\_\_\_\_ of growth rates.
- a) divergence              b) convergence              c) no growth              d) none

(Weightage = 1)

## PART - B

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

- 9) Define warranted growth rate.
- 10) Explain Phillips curve.
- 11) What is Accelerator ?
- 12) Explain fiscal policy.
- 13) What is multiplier ?
- 14) Explain rational expectations.
- 15) Define capital labour ratio.
- 16) What is aggregate supply curve ?
- 17) What is stagflation ?
- 18) Explain Boom.
- 19) What is macro economics ?
- 20) Define economic growth.

(Weightage = 1×10=10)



## PART - C

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

- 21) State main features of supply side economics.
- 22) Explain Hicks Accelerator-multiplier interaction.
- 23) Explain neo-classical theory of growth by Solow.
- 24) Explain effectiveness of monetary policy in boom and inflation.
- 25) State difference between economic growth and development.
- 26) Explain four phases of business cycle.
- 27) Define inflation. Explain types of inflation. **(Weightage = 2×5=10)**

## PART - D

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

- 28) Explain Harrod-Domar model of economic growth.
- 29) Explain the objectives and instruments of fiscal policy.
- 30) Explain Schumpeter's Innovation Theory.
- 31) Explain long-run Phillips curve. **(Weightage = 4×2=8)**