

68

D6BEC2101

(PAGES 2)

Reg.No.....

Name:

SIXTH SEMESTER BA DEGREE EXAMINATION, APRIL 2024

(Regular/Improvement/Supplementary)

ECONOMICS

GECO6B11T: MACROECONOMICS II

Time: 2 ½ Hours

Maximum Marks: 80

SECTION A: Answer the following questions. Each carries *two* marks.

(Ceiling 25 Marks)

1. Which are the two approaches to determine the goods market equilibrium?
2. What is GDP deflator?
3. Define the LM curve.
4. What are the objectives of Monetary policy?
5. Write a note on Okun's Law.
6. What is the difference between repo rate and reverse repo rate?
7. Distinguish between headline inflation and core inflation.
8. What do you mean by Monetarism?
9. What is Sub-prime crisis?
10. Comment on credit rationing.
11. What is demand-pull inflation?
12. What is meant by business cycle? What factors create conditions for business cycle?
13. Give the equations for the IS and LM curves.
14. What is open market operation? How does it work to affect the money supply?
15. What is the Phillip's Curve? What does it show?

SECTION B: Answer the following questions. Each carries *five* marks.

(Ceiling 35 Marks)

16. Write a note on Contra-cyclical policy measures for macro-economic stabilization.
17. Distinguish between Consumer Price Index and Whole sale price Index.
18. What are the different phases of business cycles? What are the economic features of different phases of business cycle?

(PTO)

19. What are the effects of inflation on wage earners, fixed-income people, debtors and creditors, producers, and the government? Give the reasons for the effects of inflation on different sections of the society.
20. What are the instruments of Monetary policy?
21. Examine the effects of a simultaneous shift in both the IS and LM curves.
22. Suppose the consumption, investment, demand for money and supply of money functions are as follows;
- $$C = 0.75 Y$$
- $$I = 107.5 \text{ crore} - 0.25r$$
- $$M_d = 0.25Y - 2.5r$$
- $$M_s = 80 \text{ crore}$$
- Find (i) the equilibrium income and the rate of interest (ii) The equilibrium income and the rate of interest when autonomous investment increases to Rs. 135 crores.
23. Write an account on Transmission Mechanism in Monetary policy.

SECTION C: Answer any *two* questions. Each carries *ten* marks.

24. Fiscal policy is the most powerful tool of achieving macroeconomic goals. Do you agree with this statement? Give reasons for your answer.
25. The Phillip's curve shows that there exists a trade-off between the rate of unemployment and the rate of increase in money wages. Explain.
26. Distinguish between the product and the money markets. Explain the interdependence of the two markets. How does it matter in the determination of the general equilibrium?
27. Discuss the important theories of trade cycles and point out its relative importance.

(2 x 10 = 20 Marks)