D6BEC2301 **Reg. No............................**

Name: ....

SIXTH SEMESTER BA DEGREE EXAMINATION, APRIL 2026

(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. What is meant by consumption function?
2. State the transmission mechanism.
3. Distinguish between bank rate and variable reserve ratio.
4. Explain the concept of Full employment?
5. Mention the objectives of monetary policy.
6. Define Debt management.
7. What is meant by Quantitative Easing?
8. Define open inflation.
9. Explain Compensatory fiscal policy.
10. Define sacrifice Ratio.
11. Explain WPI.
12. What is Okun's law?
13. Define the Business cycle.
14. What is High powered money?
15. Comment on the Bailout programme.

SECTION B: Answer the following questions. Each carries *five* marks.
(Ceiling 35 marks)

16. Illustrate the tools of monetary policy.
17. What are the factors that shift IS curve?
18. What is inflation? How inflation is harmful to the economy?
19. Explain the indices used in the measurement of inflation in India.
20. Elucidate the expansionary and contractionary fiscal policy.
21. Discuss the limitations of IS-LM Model.
22. Explain the monetary and fiscal policy used during the great recession.
23. Show the derivation of the LM Curve with the help of figure.

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

24. Explain the instruments of the fiscal and monetary policy.
25. Graphically illustrate and explain the inflation-unemployment trade-off.
26. Explain the goods market equilibrium and derivation using IS curve with the help of figure.
27. Briefly explain the theories of trade cycle.

(2 × 10 = 20 Marks)