B. A. DEGREE (C.B.C.S.S.) EXAMINATIONS, MARCH 2017
SEMESTER IV - CORE COURSE (ECONOMICS)
EC4B05B - MACRO ECONOMIC ANALYSIS

Time: Three Hours   **Maximum Marks: 80**

PART A

I.   Answer all the questions. Each question carries 1 mark

1.   Define Demonstration effect
2.   What is Permanent income Hypothesis?
3.   Define Investment multiplier
4.   MEC
5.   Tobin Q ratio
6.   Define IS curve

(6x1=6)

PART B

II.   Answer any seven questions. Each question carries 2 marks.

7.   Differentiate between Autonomous and Induced Investment.
8.   Explain Accelerator theory of investment?
9.   What is original Philips curve?
10.   What is inflationary gap?
11.   Write a note on William Baumol inventory approach in demand for money.
12.   Explain crowding effect with diagram.
13.   What is CRR?
14.   Define LM schedule and why it is positively sloped.
15.   Define demand pull inflation.
16.   What is Marginal efficiency of capital?

(7x2=14)

PART C

III.   Answer any five questions. Each question carries 6 marks

17.   Explain Absolute income hypothesis.
18.   Write a note on Samuelson's concept of super multiplier.
19.   Write the importance of built in stabilizers in managing business cycle.
20.   Examine Tobin's theory of demand for money.
21.   Diagrammatically explain cost push inflation.
22.   What is the significance of Long run Philips curve?
23.   Derive IS curve. What factors determine the slope of IS curve?
24.   What are the instruments of monetary policy?

(5x6=30)

PART D

IV.   Answer any two questions. Each question carries 15 marks

25.   What is investment function? What are the determinants of investment?
26.   Define Inflation. Examine the types and causes of inflation.
27.   Diagrammatically explain the simultaneous equilibrium of money and goods market.
28.   Explain the objectives of fiscal policy. Examine the role of fiscal policy in stabilizing the Indian economy.

(2x15=30)