

FOURTH SEMESTER BA. DEGREE EXAMINATION, APRIL/MAY 2015

(UG—CCSS)

Core Course—Economics

EC 4B 06—MICROECONOMICS—II

(2009-2012 Admissions)

Time : Three Hours

Maximum. : 30 Weightage

Answers may be written either in English or in Malayalam.

I. Objective Type Questions. Answer all the *twelve* questions.

A Choose the correct answer :

1 The distinction between inside money and outside money was made by :

- | | |
|-------------------|----------------------|
| (a) Don Patinkin. | (b) Gurley and Shaw. |
| (c) Lord Keynes. | (d) Milton Friedman. |

2 The basis of the Philips curve is an empirical study conducted in :

- | | |
|---------------------|----------------------|
| (a) US Economy. | (b) German Economy. |
| (c) French Economy. | (d) British Economy. |

3 Monetary policy will be trivial at :

- | | |
|----------------------------|----------------------------|
| (a) Full employment level. | (b) Underemployment level. |
| (c) Liquidity trap. | (d) Hyper inflation. |

4 IS curve shows :

- | |
|--------------------------------------|
| (a) Upward sloping curve. |
| (b) Equilibrium in the real sector. |
| (c) Equilibrium in the money market. |
| (d) General equilibrium. |

B Fill in the blanks :

5 The asset demand for money is a contribution of _____

6 High powered money is also known as _____.

7 Considering the creditors and the debtors, inflation is beneficial to the _____

8 According to Hawtray, business cycle is caused by _____

C Answer in a word/sentence :

- 9 Involuntary unemployment.
- 10 Liquidity trap.
- 11 Recession.
- 12 Foreign trade multiplier.

(12 x $\frac{1}{4}$ = 3 weightage)

II. Short answer questions. Answer all *nine* questions :-

- 13 Define near money.
- 14 What is stagflation ?
- 15 Define outside money.
- 16 What is outside money ?
- 17 Define **Okun's** law.
- 18 What is meant by crowding out effect ?
- 19 Define balance of payment.
- 20 Define devaluation.
- 21 What is meant by repo-rate ?

(9 x 1 = 9 weightage)

III. Short answer/paragraph questions. Answer any *five* out of seven :

- 22 Distinguish between inside money and outside money.
- 23 Briefly explain the Friedman's restatement of the quantity theory.
- 24 What are the fundamental postulates of monetarism ?
- 25 What is meant by money supply ? Explain the major constituents of money supply.
- 26 Examine the significance of liquidity trap.
- 27 Explain the concept of demand pull inflation.
- 28 Explain the **Hawtry-Keynes** controversy in the interest rate mechanism.

(5 x 2 = 10 weightage)

IV. Essays. Answer any *two* out of three :

- 29 Briefly explain the mechanistic model of money supply.
- 30 What is meant by business cycle ? Examine the different phases.
- 31 Define inflation. How is inflation measured in India ?

(2 x 4 = 8 weightage)

