

B. A. DEGREE EXAMINATION, APRIL 2026
BRANCH IV - ECONOMICS
SIXTH SEMESTER

COURSE : MAJOR CORE
PAPER : MACROECONOMICS - II
SUBJECT CODE: 23EC/MC/MA64
TIME : 3 HOURS

MAX. MARKS : 100

Q. No.	SECTION A PART – A (10 x 2 = 20) Answer all TEN questions in about 50 words each.	CO	KL
1	Define a business cycle.	1	1
2	What is liquidity preference?	1	1
3	What is general equilibrium?	1	1
4	List the factors affecting the slope of the IS curve.	1	1
5	Define Phillips curve.	1	1
6	What does the IS LM model explain?	1	1
7	Define inflation.	1	1
8	What is growth accounting?	1	1
9	Outline the instruments of macroeconomic policy.	1	1
10	What is the monetary theory of business cycle?	1	1
Q. No.	PART – B (10 x 2 = 20) Answer any TEN questions out of TWELVE in about 50 words each.	CO	KL
11	Distinguish between walking and hyper inflation.	2	2
12	State the difference between recession and depression.	2	2
13	Enumerate the measures of inflation in India.	2	2
14	State the primary condition for steady-state growth in the Harrod-Domar model.	2	2
15	What are the primary instruments of Monetary Policy?	2	2
16	Distinguish between repo and reverse repo rate.	2	2
17	What is the fundamental premise of the Real Business Cycle theory?	2	2
18	What is an 'Inflationary Gap'?	2	2
19	List the factors that affect the growth of an economy.	2	2
20	Define the 'Liquidity Trap' within the LM function.	2	2
21	What is Fiscal Policy?	2	2
22	Define 'Capital-Output Ratio' in the Harrod-Domar model.	2	2
Q. No.	SECTION B PART – A (4 x 5 = 20) Answer any FOUR questions out of SIX in about 250 words each.	CO	KL
23	How do the goods market and money market interact to determine the equilibrium interest rate and income level?	3	3
24	Discuss the phases of a typical business cycle.	3	3
25	Derive the BP curve? How does the exchange rate affect the schedule?	3	3

26	Explain the primary objectives of macroeconomic policy in a developing economy like India.	3	3
27	What are the primary monetary and fiscal measures used to correct inflation?	3	3
28	Explain the concept of the 'Knife-Edge' equilibrium in the Harrod-Domar model.	3	3
Q. No.	PART – B (4 x 5 = 20) Answer any FOUR questions out of SIX in about 250 words each.	CO	KL
29	What determines the slope of the BP curve? How does a currency depreciation shift the BP curve?	4	4
30	Outline the primary factors affecting economic growth: . Which of them is most important for long-run sustained growth according to the Solow model?	4	4
31	Define 'Internal Balance' and 'External Balance.' Why might a government find it difficult to achieve both at the same time using only one policy tool?	4	4
32	Describe how the Solow model allows the economy to reach a stable Steady State.	4	4
33	Distinguish between 'Demand-Pull' and 'Cost-Push' inflation	4	4
34	How does the economy transition from a 'Peak' to a 'Recession'?	4	4
	SECTION C (2 x 10 = 20) Answer any TWO questions out of FOUR in about 600 words each.	CO	KL
35	Critically analyze the socio-economic consequences of inflation on an emerging economy like India.	5	5
36	Evaluate how a simultaneous shift in both the IS and LM curves impacts the long-term effectiveness of expansionary fiscal policy.	5	5
37	Analyze the evolution of the Phillips Curve from its original form to the Expectations-Augmented version.	5	5
38	Elaborate on the measures of stabilization to control business cycles.	5	5
