

B.A. IV SEMESTER END EXAMINATION, APRIL 2019

ECONOMICS

Macroeconomics-II (ECC 104)

Duration: 02 Hours

Total Marks: 80

Instructions: 1) All questions are compulsory.

2) Answer the sub-questions in Q I and Q II in 100 words each.

3) Answer the questions carrying 12 marks in 400 words each.

4) Draw diagrams wherever necessary.

Q I) Write short notes on *any four* of the following: 4X4=16

i) Impact of an expansionary monetary policy on the LM curve

ii) Aggregate demand curve

iii) Impact of a fiscal expansion and monetary contraction on equilibrium output with the help of the IS-LM model

iv) Any four factors that cause a shift in the LM curve

v) Long-run aggregate supply curve

vi) Decrease in aggregate demand

Q II) Answer *any four* of the following questions briefly: 4X4=16

i) Explain the concept of stagflation.

ii) Briefly explain the real business cycle theory.

iii) Explain the concept of cost-push inflation.

iv) Explain any four features of a business cycle.

v) What is the expectations-augmented Philips curve?

vi) What are aggregate supply shocks?

Q III A) Explain the derivation of the IS curve. 12

OR

B) For an economy the following functions are given:

$$C = 120 + 0.8Y$$

$$S = -120 + 0.2 Y$$

$$I = 130 - 5i$$

$$M^s = 130$$

$$M^d = 0.2Y - 5i$$

Find out

(i) IS equation

(ii) LM equation

(iii) Equilibrium level of income and interest rate 12

Q IVA) What are the factors responsible for the shifts of short-run aggregate supply curve? 12

OR

B) Examine the effects of monetary and fiscal policy on macroeconomic equilibrium in the short run with the help of AS-AD model. 12

QVA) Examine the nature of long-run Phillips curve. 12

OR

B) Define unemployment. Explain the types of unemployment. 12

QVI A) Define a business cycle. Explain the phases of a business cycle. 12

OR

B) Examine the role of fiscal policy and monetary policy in macroeconomic stabilization. 12

