

B.A. IV SEMESTER SUPPLEMENTARY EXAMINATION, MAY/JUNE 2019
ECONOMICS
Macroeconomics-II
(Course Code: 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) Factors influencing short run aggregate supply
- ii) Impact of an increase in government spending on the IS curve
- iii) Relation between bond prices and interest rates
- iv) Any four factors that cause a shift in the IS curve
- v) Long-run aggregate supply curve and policy effects
- vi) Increase in aggregate demand

Q II) Answer *any four* of the following questions briefly:

4X4=16

- i) Explain any four determinants of inflation.
- ii) What is frictional unemployment?
- iii) Explain the concept of demand-pull inflation.
- iv) Briefly explain the behaviour of production and expenditure during the course of a business cycle.
- v) What is the natural rate of unemployment?
- vi) What are aggregate demand shocks?

Q III A) What is the impact of an expansionary monetary policy on the LM curve? **12**

OR

B) For an economy the following functions are given:

$$C = 100 + 0.6Y$$

$$S = -100 + 0.4 Y$$

$$I = 110 - 4i$$

$$M^s = 110$$

$$M^d = 0.4Y - 4i$$

Find out

(i) IS equation

(ii) LM equation

(iii) Equilibrium level of income and interest rate **12**

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Q IVA) Explain the derivation of the aggregate demand curve. **12**

OR

B) Examine the determination of macroeconomic equilibrium with the help of the AS-AD model. **12**

QVA) Describe the Phillips curve relationship between unemployment and inflation in the short run. **12**

OR

B) Examine the impact of an increase in expected inflation on the Phillips curve. **12**

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QVI A) What is a business cycle? Explain the features of a business cycle. **12**

OR

B) Explain the Keynesian theory of business cycles. **12**