



LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

B.A. DEGREE EXAMINATION - ECONOMICS

FIFTH SEMESTER – NOVEMBER 2015

EC 5504 - MACRO ECONOMICS - II

Date : 03/11/2015

Dept. No.

Max. : 100 Marks

Time : 09:00-12:00

PART - A

Answer any **FIVE** questions not exceeding 75 words each:

(5x4=20 Marks)

1. Briefly explain the Absolute Income hypothesis.
2. State the assumptions of Milton Friedman's hypothesis.
3. What is meant by Business Cycle?
4. Write a note on Hawtrey's model of trade cycle.
5. Briefly explain the types of inflation on the basis of causes.
6. What is a 'knife edge equilibrium'?
7. What are the objectives of macroeconomic policy?

PART - B

Answer any **FOUR** questions in about 250 words each:

(4x10=40 Marks)

8. Explain demonstration effect and ratchet effect.
9. Examine Schumpeter's Innovation Model of the trade cycle.
10. Distinguish between demand-pull and cost-push inflation.
11. Highlight Domar's model of economic growth.
12. Explain the role of fiscal policy in maintaining economic stability.
13. Examine the different phases of trade cycle.
14. Describe the determinants of general price level.

PART - C

Answer any **TWO** questions not exceeding 900 words each:

(2x20=40 Marks)

15. Critically evaluate the Permanent Income hypothesis.
16. Examine the multiplier - accelerator interaction model of the trade cycle.
17. Analyse the causes and remedial measures of inflation in India.
18. Evaluate Kaldor's model of income determination.

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