

**LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034**

**B.A. DEGREE EXAMINATION – ECONOMICS**

**FIFTH SEMESTER – APRIL 2010**

**EC 5504 - MACRO ECONOMICS - II**

Date & Time: 24/04/2010 / 1:00 - 4:00 Dept. No.

Max. : 100 Marks

**PART-A**

**Answer any FIVE questions in about 75 words each.**

**(5 x 4 = 20 marks)**

1. What do you mean by a business cycle?
2. Define innovation and bring out different forms of innovation.
3. What is inflationary gap?
4. What do you mean by income stabilization?
5. What do you mean by Growth model?
6. Define trade cycle as given by Prof. Samuelson.
7. What do you mean by Real balance effect?

**PART-B**

**Answer any FOUR questions in about 300 words each.**

**(4 x 10 = 40 marks)**

8. Give a brief note on Absolute income hypothesis.
9. What are the effects of inflation on an economy?
10. Discuss critically the view that, "The trade cycle is purely a monetary phenomenon".
11. Discuss the theory of Phillips curve and bring out its apparent policy implications.
12. Explain the phenomenon of stagflation. Suggest measures to control it.
13. Explain the effects of lags in economic policy.
14. Explain the role of monetary policy in a developing economy.

**PART-C**

**Answer any TWO questions in about 900 words each.**

**(2 x 20 = 20 marks)**

15. Permanent income hypothesis is similar to Life Cycle hypothesis and differs only in details- Discuss.
16. Explain the modern theory of trade cycle with the help of Accelerator Principle.
17. Discuss the causes of inflation. How can it be controlled?
18. Explain Kaldor's income distribution model. In what way it is an improvement over the Harrod Domar model?

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