CARMEL COLLEGE OF ARTS, SCIENCE AND COMMERCE FOR WOMEN
NUVEM-GOA
B.A. CBCS Semester IV Examination, July 2021,
Subject: Economics
Course Name & Code: Macroeconomics-II ECC 104

Date: 09/07/21 **Duration: 2 hrs** **Max. Marks: 40** **Total No. of Pages: 01**

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1. Answer any FIVE of the following. **(5 x 2=10)**

1. Clearly explain why the IS curve slopes as it does. Give an example of a change in the economy that would cause the IS curve to shift up and to the right.
2. Give an example of an adverse supply shock. State the likely effects of such a shock on interest rates and price level.
3. The IS-LM and AD-AS models are similar yet different. Explain.
4. In the long run, the quantity of output supplied does not depend on the level of prices. Explain this statement.
5. Explain the term 'Structural Inflation.' Do you feel India has a problem of structural Inflation? Elaborate your response.
6. What do you understand by frictional unemployment and disguised unemployment?
7. Is the Phillip's Curve hypothesis valid for the long run? Explain in light of empirical evidence.
8. What do you understand by persistence of business cycles? Are business cycles periodic?

2. Answer any SIX of the following. **(6 x 5 = 30)**

1. Graphically illustrate the derivation of the LM curve. When might the LM curve be steeper?
2. Explain how sticky prices and sticky wages affect the aggregate supply curve in the short run.
3. Graphically illustrate the effects of increase in expected future output in shifting the AD curve.
4. Using the AD-AS model, illustrate equilibrium and explain the concepts of inflationary and recessionary gaps.
5. Using the Phillip's Curve, illustrate the short-run trade off between inflation and unemployment. What are the policy implications of short run Phillip's Curve?
6. Highlight the main features of recession and that of depression.
7. Explain and illustrate the different paths that an economy can take on the basis of Multiplier-Accelerator interaction.
8. Outline how monetary policy tools can be used to control inflation.

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