

SECOND SEMESTER B.A. DEGREE EXAMINATION, MAY 2014

(U.G.-CCSS)

Core Course—Economics

EC 2B 02—MACRO-ECONOMICS – I

(2009 – 2012 admissions)

Three Hours

Maximum : 30 Weightage

Answers may be written either in English or in Malayalam.

Answer all twelve questions :

A Multiple Choice Questions.

1 NNP is :

- (a) Personal income. (b) GDP.
(c) GNP minus depreciation. (d) GNP plus depreciation.

2 Classicists assume that saving is a direct function of :

- (a) Rate of interest. (b) Income.
(c) Demand. (d) Supply.

3 MEI relates investment to the :

- (a) Rate of profit. (b) Rate of sales.
(c) Rate of return. (d) Rate of interest.

4 Simultaneous equilibrium in the money and good markets exists :

- (a) At an unlimited number of output levels and rate of interest.
(b) At only one output and rate of interest level.
(c) At an unlimited number of output and only one level of rate of interest.
(d) At an unlimited number of rate of interest and only one output level.

B Fill in the blanks :

5 Fishers' equation of exchange is _____.

6 Income minus consumption is _____.

Turn over

7 The point of intersection between AD and AS is called _____.

8 Personal disposable income is the sum of consumption plus _____.

C Answer in a word/sentence :

9 Anything which is most commonly accepted as a medium of exchange is called :

10 The value of a product is counted more than one time is known as :

11 Investment necessary to replace the old and wornout machines.

12 Purchase of, using up of, possession of goods and services to satisfy human want termed as :

(12 × ¼ = 3 weights)

II. Short answer type questions (Answer all *nine* questions :

13 Define Macro-Economics.

14 Distinguish between Micro and Macro-economics.

15 What is transfer payments ?

16 What is actual GNP ?

17 Distinguish between APC and MPC.

18 Explain S-I relationship.

19 What is national income ?

20 What is capital output ratio ?

21 What is neutrality of money ?

(9 × 1 = 9 weights)

III. Short essay or paragraph questions (Answer any *five* questions) :

22 Explain Macro-Economic Paradoxes.

23 What are the components of AD ?

24 What are the factors affecting consumption ?

25 Explain the concept MEC.

26 What is Replacement investment ?

27 Explain Demonstration effect.

28 Explain Consumption function.

(5 × 2 = 10 weights)

Essay questions (Answer any two questions) :

- 29 Critically explain Say's Law of market.
- 30 Briefly explain cash transaction approach of quantity theory of money.
- 31 Illustrate the working process of multiplier.

(2 × 4 = 8 weightage)

Three Hours

Maximum: 80 Marks

Objective Type Questions. Answer all the following questions

1. Choose the correct answer

1. Macroeconomics is concerned with

- (a) The level of output of goods and services.
- (b) The general level of prices.
- (c) The growth of real output.
- (d) All the above.

- (a) Before the stage of full employment.
- (b) After the stage of full employment.
- (c) At the level of full employment.
- (d) At the level of partial employment.

3. A shift in Aggregate supply is likely to

- (a) Reduce the general price level and reduce national income.
- (b) Reduce the general price level and increase national income.
- (c) Increase the general price level and reduce national income.
- (d) Increase the general price level and increase national income.

4. An outward shift in the Marginal Efficiency of Capital should

- (a) Decrease consumption.
- (b) Increase aggregate demand.
- (c) Reduce Aggregate Supply.
- (d) Slow down economic growth.

5. Fill in the blanks

6. If an increase in investment leads to a multiple increase in national income, it is called