

SECOND SEMESTER B.A. DEGREE EXAMINATION, MAY 2014

(UG-CCSS)

Core Course – Economics

EC 2B 02 – MACROECONOMICS – I

(2013 Admissions)

Time : Three Hours

Maximum : 30 Weightage

I. Objective Type Questions. Answer all twelve questions :**A. 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.

2. According to Keynes inflation occurs :

- (a) Below 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.

B. Fill in the blanks :

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

Turn over

6. Relation between income and investment is usually _____.
7. 'IS' curve shows equilibrium in _____ market.
8. In a two sector model, if consumption is $40 + 0.8 Y_d$ and saving is Rs. 60 then equilibrium output is _____.

C. Answer in a word/sentence :

9. Who is the author of the book "General Theory of Employment Interest and Money"?
10. Which is considered as the most liquid asset?
11. Name the economist who stated that "Supply creates its own demand".
12. Transaction demand for money is proportional to.

(12 × ¼ = 3 weight)

II. Short Answer Questions. Answer all *nine* questions :

- | | |
|--------------------------|------------------------------|
| 13. Pigou effect. | 14. Potential GNP. |
| 15. Dependant variables. | 16. MPS. |
| 17. Full employment. | 18. Effective Demand. |
| 19. Paradox of thrift. | 20. Velocity of circulation. |
| 21. General equilibrium. | |

(9 × 1 = 9 weight)

III. Short Essay or Paragraph Type Questions. Answer any *five* questions from seven :

22. Explain the difference between endogenous and exogenous variables.
23. What do you mean by classical dichotomy?
24. Write a note on money illusion.
25. What do you mean by green GDP?
26. Explain the determinants of investment.
27. What do you mean by GDP gap?
28. Write a note on money illusion.

(5 × 2 = 10 weight)

IV. Essay Questions. Answer any *two* questions :

29. Critically examine the cash balance approach to the quantity theory of money.
30. Explain the classical theory of employment and point out its main short comings.
31. Explain Keynesian theory of employment. Show how Keynes proves that equilibrium can be achieved at a point much below the point of full employment.

(2 × 4 = 8 weight)