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Name:

Reg. No:

FIFTH SEMESTER B.A. DEGREE EXAMINATION, NOVEMBER 2021

(CUCBCSS-UG)

CC15U ECO5 B07 - MACRO ECONOMICS - I

(Economics - Core Course)

(2015 to 2018 Admissions – Supplementary/Improvement)

Time: Three Hours

Maximum: 80 Marks

Answer may be written either in English or in Malayalam.

PART A

Answer *all* questions. Each question carries ½ a mark.

1. The concept of permanent income hypothesis introduced by
a. Adamsmith b. Duesenberry c. Friedman d. Modigliani
2. Which one is associated with Don Patinkin
a. Wealth effect b. Real Balance effect
c. Money illusion d. Classical dychotomy
3. The perfectly elastic portion of speculative demand for money function is called the
a. Neutrality of money b. Liquidity trap
c. price elasticity d. none of these
4. Under employment equilibrium is the equilibrium at
a. less than full employment b. more than full employment
c. full employment d. none of these
5. In classical theory of employment, there is responsibility of:
a. No unemployment b. Voluntary unemployment
c. involuntary unemployment d. Disguised unemployment
6. "Supply creates its own demand" is a law of:
a. Inflation b. Investment c. Consumption d. Market
7. The MPC has a value:
a. Greater than one but less than two b. Equal to one
c. Less than one but greater than zero d. None of the above
8. Which method of analysis is used for comparison between different equilibrium situations?
a. Dynamic b. Static c. Variable d. Comparative static.
9. Who developed a "General theory of income, output and employment"?
a. J.M. Keynes b. Alfred Marshall c. A.C Pigou d. Adam Smith

10. GDP minus Depreciation:
 a. NNP b. NDP c. GNP d. National Income
11. Who first developed the concept "Multiplier"?
 a. R.F. Kahn b. J.M. Keynes c. J.S. Mill d. Adam Smith
12. Fiscal policy is a policy of:
 a. Central Bank b. Government c. Treasury d. World Bank

(12 × ½ = 6 Marks)

PART BAnswer any *ten* questions. Each question carries 2 marks.

13. What you mean by Money illusion?
 14. Explain Ratchet effect.
 15. Elaborate the concept of full employment.
 16. What is Green GNP?
 17. What you mean by Wage – Price rigidity.
 18. Define Psychological law of consumption.
 19. What is Liquidity Trap?
 20. Explain induced Investment.
 21. Distinguish between endogenous and exogenous variable.
 22. What you mean by Classical dichotomy?
 23. Write a note on MEI.
 24. Define Pigou effect.

(10 × 2 = 20 Marks)

PART CAnswer any *six* questions. Each question carries 5 marks.

25. Discuss the Life Cycle Hypothesis of consumption.
 26. Describe the concepts of Full employment.
 27. How did Keynes invalidate Classical theory of employment?
 28. Illustrate graphically the process of multiplier.
 29. Explain Absolute income hypothesis.
 30. What are the objectives of Fiscal Policy?
 31. Explain the different methods of computing National Income.
 32. Distinguish between inflationary and deflationary gap.

(6 × 5 = 30 Marks)

(2)

PART DAnswer any *two* questions. Each question carries 12 marks.

33. Define fiscal policy and explain objectives and instruments of fiscal policy.
 34. Critically examine Keynesian Theory of employment. Bring out the significance of MEC in Keynesian theory.
 35. Cambridge Cash balance approach is superior to Fishers Cash Transactions Approach. Discuss.
 36. Explain Life Cycle hypothesis.

(2 × 12 = 24 Marks)

(3)