

**SECOND SEMESTER B.A. DEGREE (SUPPLEMENTARY/IMPROVEMENT)  
EXAMINATION, APRIL/MAY 2015**

**(UG—CCSS)**

**Complementary Course—Economics**

**EC 2C 01—ESSENTIALS OF ECONOMICS—MACRO**

**(2013 Admissions)**

**Time : Three Hours**

**Maximum : 30 Weightage**

*Answers may be written either in English or in Malayalam.*

**Section A (Objective Type Questions)**

*Answer all twelve questions.*

**I. Multiple Choice Questions :**

**1 Effective demand is that level of demand at which :**

- (a) Aggregate demand is more than aggregate supply.
- (b) Aggregate demand is less than aggregate supply.
- (c) Aggregate demand is equal to aggregate supply.
- (d) Out put is maximum.

**2 Keynes states that the aggregate demand function is :**

- (a) An increasing function of the level of employment.
- (b) A decreasing function of the level of employment.
- (c) A constant function of the level of employment.
- (d) Not relating to the level of employment.

**3 Personal income is equal to :**

- (a) GNP- depreciation.
- (b) NNP - taxes.
- (c) National income + transfer payments.
- (d) National income + transfer payments — (undistributed personal income + corporate taxes)

**4 Which one of the following is the difference between value at market prices and value at factor cost for a national income aggregate ?**

- (a) Value of consumption of fixed capital.
- (b) Value of indirect taxes net of subsidies.
- (c) Value of net factor income earned abroad
- (d) Value of subsidies net of indirect taxes.

**II. Fill in the blanks :**

**5 National income differs from net national product at market prices by the amount of \_\_\_\_\_**

**6 Personal income before tax plus undistributed profits of companies before tax is known as \_\_\_\_\_**

**7 Classical equilibrium is always \_\_\_\_\_ equilibrium.**

**8 The MEC depends on future expectations of profit from investment and \_\_\_\_\_**

**III. Answer in a word or sentence :**

**9 The total market value of all final goods and services produced in a year is known as :**

**10 The law which denies the possibility of general over production is :**

**11 What is disposable income ?**

**12 Total money spend on consumption and investment is known as :**

**(12 x = 3 weightage)**

**Section B (Short Answer Type Questions)**

**Answer all *nine* questions**

**13 What is Net Domestic Product ?**

**14 What is GDP deflator ?**

**15 Define national income depreciation.**

**16 What is double counting ?**

**17 Define Laissez- faire system.**

**18 What is effective demand ?**

**19 Distinguish between money wage and real wage.**

**20 Define the concept full employment.**

**21 Explain marginal propensity to consume.**

**(9 x 1 = 9 weightage)**

### **Section C (Short Answer or Paragraph Questions)**

**Answer any** *five* of the questions from seven :

- 22 Given **NNP** at market prices, what adjustment will you make to get National income at factor cost ?
- 23 Explain briefly about value added method of measuring national income.
- 24 What are the basic postulates of classical school of thought ?
- 25 Explain briefly about the Keynes' criticism of classical theory of employment.
- 26 Examine the features of Says' law of market.
- 27 Explain the concept Keynesian cross.
- 28 Critically evaluate Keynes' Psychological law of consumption.

**(5 x 2 = 10 weightage)**

### **Section D (Essay Type Questions)**

**Answer any** *two* questions from three

- 29 Explain briefly about various methods of measuring national income.
- 30 Explain the classical theory of employment. On what grounds it has been challenged by Keynes ?
- 31 Keynes' consumption function is a major landmark in the history of economic literature'. Comment.

**(2 x 4 = 8 weightage)**