

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

(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 Which of the following is a macroeconomic issue ?

- (a) The price of house in Calicut.
- (b) The wage rate of plumbers in Ernakulam.
- (c) Your decision to work or stay at home.
- (d) The level of unemployment in Kerala.

2 Which among the following is the smallest national income aggregate ?

- (a) Personal disposable income. (b) **GNP.**
- (c) National income. (d) **GDP.**

3 Which of the following would increase aggregate demand ?

- (a) Increased saving. (b) Increasing import spending.
- (c) Increased taxation revenue. (d) Increased investment.

4 In a closed economy three sector model household saving :

- (a) Equals net investment.
- (b) Equals gross investment.
- (c) Plus depreciation equals gross investment plus govt. spending.
- (d) Plus taxes plus taxes depreciation equals gross investment plus govt. spending.

B. Fill in the blanks :

5 The total value of goods and services that firms would willingly produce in a given time period is called _____

6 _____ variables are those determined by conditions outside the economy.

7 View or beliefs about uncertain variables are called ———

8 The principle "paradox of thrift" was introduced by ———

C. Answer in a word/sentence :

9 A downward shift in the aggregate demand is caused by.

10 What is the shape of LM curve ?

11 The situation in which there is the coexistence of high unemployment and persistent inflation.

12 In classical theory, investment is related to.

(12 x 1/ = 3 weightage)

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

13 Potential GNP.

14 Economic Models.

15 **Pigou** effect.

16 Transfer payments.

17 MEC.

18 Price rigidity.

19 Speculative demand for money.

20 Velocity of circulation.

21 Net exports.

x 1 = 9 weightage)

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

22 Distinguish between micro and macro economics.

23 Explain the difference between dependent and independent variables.

24 Explain the assumption of wage price flexibility by the classical economists.

25 Explain the psychological law of consumption.

26 Write a note on money illusion.

27 Explain the important determinants of investment.

28 Critically examine says law of market.

(5 x 2 = 10 weightage)

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

29 Evaluate the Fisher's equation of exchange.

30 Give a brief outline of the Keynesian theory of employment, bring out clearly the role of "effective demand", in determining the level of employment in an economy.

31 Explain the income and output determination of an economy using **ISLM** model.

(2 x 4 = 8 weightage)