

**SECOND SEMESTER B.A. DEGREE EXAMINATION, APRIL/MAY 2013**

(CCSS)

Economics

EC 2C 03—ESSENTIALS OF ECONOMICS-MACRO

Time : Three Hours

Maximum : 30 Weightage

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

**Part A**

*Answer **all** twelve questions.*

*Each, question carries 1A weightage.*

A. Multiple choice questions :

1. Measurement of GDP includes only the :

- (a) aggregate value of intermediate goods.
- (b) aggregate value of final goods.
- (c) aggregate value of raw materials.
- (d) none of these.

2. Name the economist who set the trend of using national income concept and accounting methods to measure the direction of growth of economies.

- (a) J.M. Keynes.
- (b) Adam Smith.
- (c) Simon Kuznet.
- (d) Ragnar Frisch.

3. Classical school of economics believed that the aggregate supply would always be at the :

- (a) full employment equilibrium.
- (b) under employment equilibrium.
- (c) overproduction.
- (d) market glut.

4. The idea of under employment equilibrium is explained by :

- (a) J.S. Mill.
- (b) J. Bentham.
- (c) J.B. Say.
- (d) J.M. Keynes.

B. Fill in the blanks :

5. Fall in prices, contractions in production and severe unemployment in 1930's is known as the \_\_\_\_\_

6. The total demand for goods and services in the economy is known as the \_\_\_\_\_

7.  $GDP_{FC}$  minus \_\_\_\_\_ gives  $NDP_{FC}$ .

8. The rationale for not taking into account the value of intermediate goods in the measure of GDP is to avoid the problem of \_\_\_\_\_

C. Answer in a word/sentence :

9. Frictional unemployment.

10. Under employment equilibrium.

11. Disposable income.

12. GNP.

(12 x 1/4 = 3 weightage)

### Part B

*Short Answer Type Questions.*

*Answer **all** nine questions.*

13. What is meant by value added ?

14. Distinguish between  $GDP_{MP}$  and  $NDP_{MP}$ .

15. Explain macro economics with examples.

16. What is national income accounting ?

17. Differentiate Real GNP and Nominal GNP.

18. What is the difference between  $NNP_{MP}$  and  $NNP_{FC}$ .

19. What do you mean by consumption function ?

20. What is effective demand ?

21. Write a note on Laissez faire.

(9 x 1 = 9 weightage)

### Part C

*Short Essay or Paragraph Questions.*

*Answer any **five** questions from seven.*

22. What is national income accounting ?

23. Define per-capita income and point out its major weakness.

24. Explain 'Say's Law of Market'.

25. What do you mean by wage-price flexibility ?

26. What is full-employment equilibrium ?

27. Suppose the consumption function of an economy is  $C = 0.8Y$ . Planned investment by entrepreneurs for a year is Rs, 500 crores. Find out what will be the equilibrium level of income.
28. Services rendered by housewives are not recorded in national income accounting. Critically examine.  
(5 x 2 = 10 weightage)

### **Part D**

*Essay questions.*

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

29. Critically examine the importance and difficulties in the estimation of national income.
30. Explain the subjective and objective factors which determine consumption function.
31. Analyse critically the Keynesian under-employment equilibrium concept.

(2 x 4 = 8 weightage)