FIFTH SEMESTER B.A./B.Sc. DEGREE EXAMINATION, NOVEMBER 2020

(CUCBCSS—UG)

Economics

ECO 5B 07—MACRO ECONOMICS—I

Time : Three Hours   Maximum : 80 Marks

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

Section A

*Answer **all** questions.*
Each question carries 1 mark.

1. Variables whose values are determined within the model ——————.

    (a) Parameters.   (b) Endogenous.

    (c) Exogenous.   (d) Constants.

2. Among the following which one is not the type of a model —————— ?

    (a) Mathematical.   (b) Constants.

    (c) Analog.   (d) Symbolic.

3. NDP = GDP – ——————.

    (a) Subsidies.   (b) Tax.

    (c) Profit.   (d) Depreciation.

4. Personal income - Personal direct taxes is ——————.

    (a) Disposable Personal Income.   (b) Disposable per capita income.

    (c) Disposable national income.   (d) Real income.

5. Pigou formulated Says law in terms of —————— market.

    (a) Capital.   (b) Labour.

    (c) Money.   (d) Financial.

Turn over

6. P = M/KT equation was developed by ——————.

    (a) Pigou.   (b) Keynes.

    (c) Robertson.   (d) Patinkin.

7. The volume of K in Cambridge equation depends on ——————.

    (a) Rate of interest.   (b) Supply of money.

    (c) Velocity of circulation.   (d) Real national income.

8. If MPC is zero multiplier is ——————.

    (a) 5.   (b) 1.

    (c) 2.   (d) 10.

9. In the equation, $K = 1/1-m$; m means ——————.

    (a) APC.   (b) APS.

    (c) MPS.   (d) MPC.

10. Built in stabilisers relates to ——————.

    (a) National income.   (b) Revenue yield.

    (c) Budgetary policy.   (d) Public expenditure.

11. The size of MPC is ——————.

    (a) 1.   (b) > 1.

    (c) > 0 < 1.   (d) < 1.

12. Relative income hypothesis was developed by ——————.

    (a) Modigilini.   (b) Kuznets.

    (c) Duesenberry.   (d) Keynes.

<div align="right">(12 × 1 = 12 marks)</div>

Section B (Very Short Answer Type Questions)

Answer at least **six** *questions.*
Each question carries 3 marks.
All questions can be attended.
Overall ceiling 18.

13. Autonomous investment and induced investment.

14. Wage price flexibility.

15. APC and MPC.

16. Tax multiplier.

17. Real balance effect.

18. Life cycle hypothesis.

19. Ratchet effect.

20. Neutrality of money.

21. Marshall's equation.

22. GDP.

23. Stock and flows.

24. Equilibrium and disequilibrium.

(6 × 3 = 18 marks)

Section C (Short Essay Type Questions)

Answer at least **four** *questions.*
Each question carries 6 marks.
All questions can be attended.
Overall ceiling 24.

25. Explain static and dynamic analysis in macro economics.

26. Explain the income method of measuring national income.

27. Explain Says law of market.

28. Explain MEC and MEI.

29. Explain inflationary and deflationary gaps.

30. Explain absolute income hypothesis.

31. Briefly explain Keynesian theory of employment.

32. What is fiscal policy ? Explain its objectives.

(4 × 6 = 24 marks)

Turn over

Section D (Essay Type Questions)

Answer any **two** *questions.*

Each question carries 13 marks.

33. Briefly explain the psychological law of consumption.

34. How income is determined in a three sector economy ?

35. Explain the quantity theory of money.

36. Explain the nature, scope, importance and limitations of the study of macro economics.

$(2 \times 13 = 26 \text{ marks})$