

D 31932

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Name.....

Reg. No.....

**SECOND SEMESTER B.A. DEGREE (SUPPLEMENTARY) EXAMINATION
DECEMBER 2012**

(CCSS)

Economics

EC 2B 02—MACRO ECONOMICS—I

Time : Three Hours

Maximum : 30 Weightage

Answers may be written either in English or in Malayalam.

Part A

Answer all twelve questions.

I. A. Multiple Choice Questions :

1 The equation $C = Rs. 20 + 0.9 Y_d$ predicts that consumption is :

- (a) Rs. 90 when Y_d is Rs. 100. (b) Rs. 100 when Y_d is Rs. 90.
(c) Rs. 110 when Y_d is Rs. 100. (d) Rs. 180 when Y_d is Rs. 200.

2 Frictional unemployment exists when :

- (a) A decrease in real GDP. (b) It takes time to find a new job.
(c) Due to technological change. (d) An individual retires.

3 In a two-sector economy, the coefficient of *balanced budget multiplier* is :

- (a) - 1. (b) 0.
(c) 1. (d) 2.

4 If $MPC = 0.75$, then what is multiplier k ?

- (a) 2. (b) 4.
(c) 1. (d) 2.5.

B. Fill in the blanks :

5 Technological innovation is _____ variable.

6 Keynes' book "The General Theory of Employment Interest and Money" is published in the year _____.

7 LM function shift forward, when demand for money function shift _____.

8 Speculative demand for money is infinite at a very low rate of interest is referred to as _____.

C. Answer in a word/sentence :

9 NNP.

10 Endogenous variable.

11 Economic model.

12 MPC.

(12 × ¼ = 3 weightage)

Turn over

Part B (Short Answer Type Questions)

Answer all nine questions.

- 13 Distinguish between Nominal variable and Real variable.
- 14 State any one method of income determination.
- 15 What is meant by money illusion ?
- 16 What is MPS and how does it relate to investment multiplier ?
- 17 What is Laissez-faire economy ?
- 18 What is meant by green GNP ?
- 19 What is meant by price rigidity ?
- 20 Define MEC.
- 21 Distinguish between Money market and Real market.

(9 × 1 = 9 weightage)

Part C (Short Essay or Paragraph Questions)

Answer any five questions from seven.

- 22 What is Investment Multiplier ?
- 23 What are the determinants of Effective Demand ?
- 24 Explain paradox of thrift.
- 25 How does IS Curve shift ?
- 26 Describe Pigou effect.
- 27 Explain Say's law of markets.
- 28 What are the monetary policies ?

(5 × 2 = 10 weightage)

Part D (Essay Questions)

Answer any two questions from three.

- 29 State the improvements of Keynesian theory over classical theory of income and output determination.
- 30 Show the Keynesian model of income determination in a three sector economy.
- 31 Discuss Quantity theory of money.

(2 × 4 = 8 weightage)