PART – D

Long essay. Answer **any two** questions **not** exceeding **450** words. **Each** question carries **4** weightage.

28. Explain Quantity theory of money and restatement.

29. What is Macro Economics ? Explain the development of macro economics.

30. Explain Keynesian theory of investment.

31. Explain Post-Keynesian income determination.   **(Weightage 2×4=8)**

Reg. No. : ....

Name : ....

III Semester B.A. Degree (CCSS – Reg./Supple./Imp.) Examination, November 2014
CORE COURSE IN ECONOMICS/DEVELOPMENT ECONOMICS
3B04 ECO : Macro Economic Analysis – I
(2011 and Earlier Admissions)

Time: 3 Hours   Max. Weightage : 30

Instruction : Answer may be written either in **English** or in **Malayalam**.

PART – A

Objective type questions (in bunches of **two**) :

I. Choose the correct answer :

1. The relationship between stock of capital and the level of income or output is
   a) Capital labour ratio   b) Capital output ratio
   c) NEC   d) Investment

2. A magnitude or quantity that changes over a period of time under consideration is
   a) Variable   b) Constant   c) Function   d) Equation

3. According to Permanent Income hypothesis, all increases in
   a) Permanent income are saved
   b) Permanent income are consumed
   c) Transitory income are saved
   d) Transitory income are consumed

4. Liquidity trap is a situation where
   a) The demand for money is perfectly inelastic
   b) The demand for money is perfectly elastic
   c) The supply of money is perfectly elastic
   d) The supply of money is perfectly inelastic   **(Weightage 1)**

II. 5. According to Keynes, there is a speculative demand for money, because

  a) There is risk in holding money

  b) People like to speculate in stock market

  c) Money, at times, may be a better stock of value than long term bonds

  d) None of these

6. _____ equals NI minus undistributed earnings + Transfer Payments.

  a) GNP

  b) Personal income

  c) NNP

  d) None of these

7. If there is full employment and aggregate supply is vertical, A decrease in taxes

  a) Increases the price level and real output

  b) Increases the price level but has no effect on real output

  c) Has no effect on price level and real output

  d) None of these

8. The Phillip's curve shows

  a) A positive relation between the rate of inflation and the nominal wage

  b) An inverse relation between the rate of inflation and the nominal wage

  c) An inverse relation between the rate of inflation and the rate of unemployment

  d) None of these

(Weightage 1)

PART – B

Short answer questions. Answer **any 10** of the following **not** exceeding **50** words **each**. **Each** question carries 1 weightage.

9. Define MEC.

10. State the Say's law of market.

11. Distinguish between dependent and independent variables.

12. Explain personal income.

13. What is foreign trade multiplier ?

14. Distinguish between micro and macro economics.

15. What is life-cycle hypothesis ?

16. What does GNP deflator measures ?

17. When NPC is 0.8, what is the value of multiplier ?

18. What is aggregate demand ?

19. State different methods of measuring NI.

20. What is natural rate of unemployment ?   **(Weightage 10×1=10)**

PART – C

Short essay. Answer **any five** questions **not** exceeding **150** words **each**. **Each** question carries **2** weightage.

21. Explain absolute income theory. What are the improvements made by Diesenberry upon it ?

22. Explain classical theory of employment.

23. Explain Phillip's curve.

24. What is investment ? What are the types of investment ?

25. What is investment multiplies ?

26. Explain Keynesian Cross.

27. Explain partial and general equilibrium analysis.   **(Weightage 5×2=10)**