



PART – D

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

28. Explain the classical theory of employment.
29. What is multiplier ? Explain Foreign trade multiplier and balanced budget multiplier.
30. Explain the accelerator theory of investment.
31. Explain different methods of computing national income. **(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 Economics Analysis – I
(2012 Admission Onwards)

Time: 3 Hours

Max. Weightage : 30

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

PART – A

- I. Objective type questions (in bunches of **two**).
 - 1) The balanced budget multiplier is
 - a) Greater than one
 - b) Less than one
 - c) Equal to one
 - d) None of these
 - 2) According to the permanent income hypothesis all increases in
 - a) Permanent income are saved
 - b) Permanent income are consumed
 - c) Transitory income are saved
 - d) None of these
 - 3) In a private sector model
 - a) Household saving is a leakage from the circular flow
 - b) Investment is a spending injection
 - c) Saving leakages equal investment injections
 - d) All the above



- 4) Macro economics is concerned with
- the general level of prices
 - the level of output of goods and services
 - the growth of real output
 - none of these
- 5) Transaction demand for money is directly related to
- level of income
 - level of saving
 - investment
 - none of these
- 6) The relationship between a change in investment as a result of change in income is
- Super multiplier
 - Multiplier
 - Accelerator
 - None of these
- 7) The point where actual output is equal to the planned output is
- Keynesian Cross
 - Say's law
 - Unemployment
 - None of these
- 8) Fischer's simplified version of Quantity theory of money is
- $M = PT$
 - $MV = PT$
 - $MV = \frac{P}{T}$
 - None of these
- (Weightage 1)**

PART – B

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

- State components of GNP.
- What is Keynesian criticism of classical theory of interest ?
- What is IS curve ?



- What is NEC ?
 - Distinguish between capital and investment.
 - What is liquidity trap ?
 - What is meant by Life Cycle hypothesis ?
 - What is Macro Economics ?
 - What is Accelerator ?
 - What is meant by law of consumption ?
 - What is Super Multiplier ?
 - What is partial and general equilibrium ?
- (Weightage : 10×1=10)**

PART – C

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

- Explain Profit theory of investment ?
 - What is investment multiplier ? Explain assumptions and leakages.
 - Explain absolute income hypothesis.
 - Explain the circular flow of income in a two sector model.
 - Explain the integration of real sector with monetary sector.
 - Explain the importance of Macro Economics.
 - Explain the restatement of quantity theory of money ?
- (Weightage 5×2=10)**