FIFTH SEMESTER B.A. DEGREE EXAMINATION, NOVEMBER 2018

(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.*

Part A

Answer all twelve questions.
Each question carries ½ mark.

1. ———— is independently of time element.

    (a) Macro statics.   (b) Macro dynamics.

    (c) Comparative macro statics.   (d) Comparative micro statics.

2. Among the following who has not adopted dynamic analysis :

    (a) Kalacki.   (b) Frisch.

    (c) Keynes.   (d) Tuibergen.

3. For measuring national income the net value added method is also called ————.

    (a) Net output method.   (b) Industry of origin method.

    (c) Production method.   (d) All the above.

4. NNP at factor cost is ————.

    (a) Always more than GNP.   (b) More than national income.

    (c) Equal to national income.   (d) Less than national income.

5. $P = MV/T$ is ————.

    (a) Cash balance equation.   (b) Cash transaction equation.

    (c) Real balance equation.   (d) Cash capital equation.

6. The Chicago version of quantity theory of money was developed by ————.

    (a) Fisher.   (b) Pigou.

    (c) Friedman.   (d) Keynes.

Turn over

7. Real balance effect support ————————.

    (a) Homogeneity postulate.   (b) Dichotomy of goods and money market.

    (c) Money illusion.   (d) Integration of goods and money market.

8. If MPC is 0.5, then multiplier is ————————.

    (a) 10.   (b) 5.

    (c) 2.   (d) 1.

9. Accelerator has been given by————————.

    (a) Khan.   (b) Smith.

    (c) Clark.   (d) Keynes.

10. If MEC is 10%, the present value of Rs. 100 for two years will be ————————.

    (a) 80.65.   (b) 82.65.

    (c) 88.65.   (d) 81.65.

11. APC is ————————.

    (a) $\dfrac{\Delta C}{\Delta Y}$.   (b) $\dfrac{\Delta Y}{\Delta C}$.

    (c) $\dfrac{C}{Y}$.   (d) $\dfrac{Y}{C}$.

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

    (a) Kuznets.   (b) Friedman.

    (c) Modigliani.   (d) Keynes.

(12 × ½ = 6 marks)

Part B (Very Short Answer Type Questions)

Answer any ten questions.
Each question carries 2 marks.

13. Stock and flow.

14. Ex ante and ex post.

15. Green GNP.

16. Difficulties in the measurement of national income.

17. Money illusion.

18. Voluntary unemployment.

19. Marginal Efficiency of Capital.

20. Tax multiplier.

21. Ratchet effect.

22. Real Balance effect.

23. Fishers equation of exchange.

24. Inflationary gap.

(10 × 2 = 20 marks)

Part C (Short Essay Type Questions)

Answer any six questions.
Each question carries 5 marks.

25. Briefly explain the permanent income hypothesis.

26. Explain the components of aggregate supply.

27. Explain the instruments of fiscal policy.

28. What is effective demand ? Explain its determinants.

29. Explain Pigou effect.

30. Explain Says Law of market.

31. Distinguish between micro and macro economics.

32. How national income is calculated ? Explain the important methods.

(6 × 5 = 30 marks)

Part D (Essay Type Questions)

Answer any two questions.
Each question carries 12 marks.

33. Explain static, dynamic and comparative static analysis in macro economics.

34. Explain income determination in a two and three sector economy using Keynesian analysis.

35. Explain cash balance approach in the theory of money.

36. Explain the different concepts of national income and its inter-relationships.

(2 × 12 = 24 marks)