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Reg. No. : .....

Name : .....

Fourth Semester B.A. Degree Examination, June 2014
First Degree Programme under CBCSS
ECONOMICS
Core Course – V
EC-1442 : Macro Economics – I

Time : 3 Hours Weight : 30

SECTION – A

This Section contains **4** bunches (I to IV) of **4** questions **each**, having **one** Weight per bunch. Answer **all** questions.

I. 1) Macro Economics is popularly known as the study of

a) Theory of income and employment

b) Theory of factor pricing

c) Theory of national income

d) None of the above

2) The actual demand by persons in an economy is determined by

a) GNP b) NNP

c) NI d) Personal disposable income

3) The flow of payments from domestic household to domestic firms and back again is called

a) stock b) flow

c) circular flow of income d) stock and flow

4) Double counting means

a) counting the product at the final stage of output process

b) counting a product more than once

c) under estimating national product

d) misleading conclusions about national product

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II. 5) GNP gap is the gap between

a) GNP and NNP
b) GNP and depreciation
c) GNP and GDP
d) Potential and actual GNP

6) Which of the following is an eg. of transfer payment

a) wages and salaries from a foreign firm
b) dividend of a shareholder
c) an employment benefit allowance
d) salaries from the government

7) National product at market price is higher than National product at factor cost by the amount of

a) indirect taxes
b) subsidies
c) net indirect taxes
d) depreciation

8) The classical aggregate supply curve is

a) Horizontal
b) Vertical
c) Upward sloping
d) Downward sloping

III. 9) Necessary condition for equilibrium is

a) C = 1 b) S = 1 c) C = S d) All of these

10) Marginal productivity is zero in

a) full employment
b) frictional unemployment
c) under-employment
d) disguised unemployment

11) Keynes' General Theory was published in

a) 1926 b) 1930 c) 1936 d) 1933

12) According to Keynes', the amount that households desire to save is determined by

a) rate of interest
b) investment plans of investors
c) income of the households
d) none of these

IV. 13) Keynes employment theory is often referred to as

a) Lapses from full employment
b) Excess supply theory
c) Demand deficiency theory
d) Optimum employment theory

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14) Aggregate demand is the sum of

a) consumption and production

b) consumption and saving

c) consumption and investment

d) ex-ante saving and ex-post saving

15) According to Keynes, the level of employment depends on

a) effective demand b) rate of interest

c) saving d) money supply

16) If, income is 100 and consumption is 60, MPC is

a) 0.60 b) 60 c) 6 d) .6 **(4×1=4 Weights)**

SECTION – B

Answer **any eight** of the following. **Each** carries **one** Weight.

17) Define National Income.

18) Distinguish between stocks and flows.

19) Distinguish between endogenous and exogenous variables.

20) Define GNP deflator.

21) Write a note on Say's law of market.

22) State on macro dynamics.

23) Define per capita income.

24) Define operating surplus.

25) Write a note on general equilibrium.

26) Define Keynesian cross.

27) Define consumption function.

28) Write a note on frictional unemployment. **(8×1=8 Weights)**

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SECTION – C

Answer **any five, each** carries **2** Weights.

29) Write a short note on domestic factor income and its components.

30) Briefly mention the determinants of effective demand.

31) Graphically show the Keynesian model of income determination.

32) Briefly mention the new classical economics.

33) Briefly explain the classical dichotomy.

34) Briefly explain the circular flow of income in three sector model.

35) Mention the wage-price flexibility.

36) Briefly explain the Keyne's attack on classical. **(5×2=10 Weights)**

SECTION – D

(Long Essay)

Answer **any two** of the following, **each** carries **4** Weights.

37) Explain the nature, scope and significance of macro economics.

38) Discuss in detail the different methods of measuring National Income and the difficulties involved in their measurement.

39) Discuss the partial and general equilibrium analysis in macro economics.

(2×4=8 Weights)

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