

Reg. No. :

Name :

Third Semester B.A. Degree Examination, March 2022

First Degree Programme under CBCSS

Economics

Core Course III

EC 1341 – INTRODUCTORY MACROECONOMICS

(2019 & 2020 Admission)

Time : 3 Hours

Max. Marks : 80

SECTION – I

Answer **all** questions. Answer in one or two sentences.

1. Equilibrium
2. Recession
3. Investment
4. Aggregate demand
5. Bank money
6. Multiplier
7. MPC

P.T.O.

8. Okun's law
9. Effective demand
10. IS-LM

(10 × 1 = 10 Marks)

SECTION – II

Answer **any eight** questions not exceeding one paragraph. Each question carries 2 marks.

11. Distinguish between stock and flow variables.
12. What is meant by national accounts?
13. Why consumption is smooth? Discuss.
14. Describe the Capacity utilization rate.
15. What is consumer price index?
16. Define credit control.
17. Write a note on lending and smoothing.
18. What is meant by pure impatience?
19. What are factors affecting business of banking?
20. What is multiplier process?
21. Give an account of fiscal stimulus.
22. Write short notes on the components of aggregate supply function.

23. Define business cycle.
24. Briefly explain the Psychological Law of Consumption.
25. Explain the equilibrium condition of goods market.
26. Write a note on balance sheet.

(8 × 2 = 16 Marks)

SECTION – III

Answer **any six** of the following. Each answer should not exceed **120** words. Each question carries **4** marks.

27. Discuss the nature and scope of macro economics.
28. What are the components of GDP? Discuss.
29. Write a note on automatic stabilizer.
30. Point out the main determinants of consumption.
31. Explain the asset, liabilities and the net worth.
32. Discuss the functions of central banking.
33. Briefly explain principal agent problem.
34. Explain the paradox of thrift.
35. How can government manage the business fluctuations? Discuss.
36. Explain the shifts in LM curve.
37. Explain the derivation of Aggregate demand schedule.
38. What is meant by liquidity trap? Discuss its implications.

(6 × 4 = 24 Marks)

SECTION IV

Answer **any two** of the following. Each answer should not exceed **4** pages. Each question carries **15** marks.

39. How does growth and fluctuations are related? Explain.
40. Critically examine the role of banks in creating credit and mutual gains?
41. Explain the impact of central bank policies on spending.
42. Critically explain the Keynesian model income determination.
43. Examine the relative effectiveness of fiscal policy and monetary policy.
44. Write an essay on basic IS-LM model.

(2 × 15 = 30 Marks)