

Reg. No. :

Name :

Second Year B.A. Degree Examination, April 2021

Economics

Part III - Paper II : MACRO ECONOMICS

(2005 Admission Onwards)

Time : 3 Hours

Max. Marks : 100

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

I. Choose the correct answer. Write only the alphabet:

1. If $MPC=1$, then the value of multiplier becomes

- (a) 0 (b) 1
(c) 2 (d) Infinity

2. Author of the book *The General Theory of Employment, Interest and Money* (1936).

- (a) Keynes (b) Fischer
(c) Mill (d) Samuelson

3. Personal Income–Personal Taxes =

- (a) Investment (b) Savings
(c) Green income (d) Disposable income

4. Slope of the consumption function is given by

- (a) MPC (b) APC
(c) MPS (d) APS

IV. Define any **four** of the following.

16. Consumption Function.

17. Money illusion.

18. Involuntary employment.

19. Neutrality of money.

20. Demand for money.

(4 × 1 = 4 Marks)

V. Answer any **seven** of the following in not more than **half** a page.

21. Write a note on Classical Labour Market Equilibrium.

22. Explain the concept of Investment Multiplier.

23. What do you mean by Relative Income Hypothesis?

24. Briefly explain the concept of Accelerator.

25. Distinguish between real and nominal interest rates.

26. Write a short note on stagflation.

27. Briefly explain Classical Dichotomy.

28. What do you mean by Natural Rate of Unemployment?

29. Explain Hicks views on Trade Cycle.

30. Write a note on National Income Accounting Matrix?

(7 × 3 = 21 Marks)

VI. Answer any **six** questions each not more than **one** page.

31. Explain Absolute Income Hypothesis.
32. Write a short essay on the quantity theory of money.
33. Briefly explain the role of expectations in Economics.
34. Explain Income Policy.
35. What do you mean by Accelerator theory of trade cycle?
36. Explain Keynesian Liquidity Preference Theory.
37. Explain the main determinants of Investment.
38. What do you mean by Fischer's Equation of Exchange?
39. Write a note of Wage price Flexibility.
40. Explain Classical theory of investment.

(6 × 5 = 30 Marks)

VII. Answer any **three** of the following not exceeding **3** pages each.

41. Define Fiscal Policy and what are its main instruments.
42. Write an essay on Friedman's Restatement of Quantity theory of money.
43. Is the Phillips curve a good model to an in predicting the relationship between inflation and unemployment.
44. Briefly explain IS-LM Model.
45. Define national Income and point out the various National Income Concepts.
46. Explain Classical theory of Output and Employment.

(3 × 10 = 30 Marks)