

(6 pages)

Reg. No. :

Code No. : 30402 E Sub. Code : AMEC 51

B.A. (CBCS) DEGREE EXAMINATION, APRIL 2023

Fifth Semester

Economics — Core

MACRO ECONOMICS — I

(For those who joined in July 2020 only)

Time : Three hours Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL questions.

Choose the correct answer :

1. Macroeconomics is a branch of economics that studies
 - (a) Price of individual goods
 - (b) Important, as opposed to trivial issues
 - (c) The way individual markets work
 - (d) The economy as a whole

6. Unemployment that occurs during the normal workings of an economy as people change jobs and move across the country is called
 - (a) Structural unemployment
 - (b) Cyclical unemployment
 - (c) Natural unemployment
 - (d) Frictional unemployment
7. Which of the following sources of purchases is not included in aggregate demand?
 - (a) Business
 - (b) Consumers
 - (c) Foreigners
 - (d) Government
8. What does aggregate demand express?
 - (a) The quantity of goods and services produced in an economy
 - (b) The quantity of goods and services demanded in an economy
 - (c) The quantity of goods produced in an economy
 - (d) The quantity of services demanded in an economy
9. Ratchet effect concept is used in the _____ hypothesis.
 - (a) Permanent income hypothesis
 - (b) Absolute income hypothesis
 - (c) Relative income hypothesis
 - (d) Life cycle hypothesis

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2. Which of the following is a macroeconomic issue?
 - (a) How federal government budget deficits affect interest rates
 - (b) The cause of decline in the price of peanut butter
 - (c) What determines the amount of a firm will produce
 - (d) How a rise in the price of sugar affects the market for sodas
3. When depreciation is deducted from GNP, the net value is
 - (a) Net national product
 - (b) Net domestic product
 - (c) Gross national product
 - (d) Disposable income
4. In GNP calculation which of the following should be excluded
 - (a) Rental incomes
 - (b) Interest payments
 - (c) Dividends
 - (d) Government transfer payments
5. Supply creates its own demand. Who gave this law?
 - (a) J.B. Say
 - (b) J.S. Mill
 - (c) J.M. Keynes
 - (d) Adam Smith

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10. Relative income hypothesis was developed by
 - (a) John Maynard Keynes
 - (b) James Duesenberry
 - (c) Franco Modigliani
 - (d) Milton Friedman

PART B — (5 × 5 = 25 marks)

Answer ALL questions, choosing either (a) or (b).
Each answer should not exceed 250 words.

11. (a) Bring out the scope of macroeconomics.
Or
(b) Distinguish between microeconomics and macroeconomics.
12. (a) Write any three national income concepts.
Or
(b) What are the methods to estimate national income analysis?
13. (a) State the meaning of full employment and unemployment.
Or
(b) Elucidate : Say's law of market.

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[P.T.O.]

14. (a) What are the determinants of effective demand?

Or

(b) Write a short summary on aggregate supply price.

15. (a) What are the implications of Keynes's psychological law?

Or

(b) Briefly explain the absolute income hypothesis.

PART C — (5 × 8 = 40 marks)

Answer ALL questions choosing either (a) or (b).
Each answer should not exceed 600 words.

16. (a) Explain the importance of macroeconomics.

Or

(b) Bring out the limitations of macroeconomics.

17. (a) Briefly explain the difficulties in the estimation of National income.

Or

(b) Explain the uses in the estimation of National income.

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18. (a) Discuss the major aspects of real balance effect.

Or

(b) Highlight the Keynes's criticisms of classical theory.

19. (a) Explain the principle of effective demand.

Or

(b) Examine the background of Keynesian revolution.

20. (a) Analyze the Keynes's Psychological law of consumption.

Or

(b) Examine the major aspects of relative income hypothesis.

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