

(Pages : 4)

K – 2257

Reg. No. : .....

Name : .....

Third Semester B.A. Degree Examination, March 2021

First Degree Programme Under CBCSS

Economics

Core Course III

EC 1341 – INTRODUCTORY MACRO ECONOMICS

(2019 Admission Regular)

Time : 3 Hours

Max. Marks : 80

SECTION – I

Answer **all** questions. Each question carries **1** mark.

1. Stagflation.
2. Aggregate supply.
3. Dear money policy.
4. LM curve.
5. Legal tender.
6. Commercial banks.
7. Stock variable.
8. Liquidity trap.
9. Multiplier.
10. Boom.

(10 × 1 = 10 Marks)

P.T.O.

## SECTION – II

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

11. Explain the paradox of thrift.
12. What is consumer price index?
13. Explain structural unemployment.
14. Distinguish between crowding out and crowding in effects.
15. What is built in stabilizer?
16. Distinguish between autonomous and induced investment.
17. The sum of MPC and MPS is unity. Elucidate.
18. Write a note on open market operations.
19. What is financial crisis?
20. What are the objectives of fiscal policy?
21. Explain the concept of Keynes effect.
22. What are collateral securities?
23. Define double entry book keeping system.
24. Define incomes policy.
25. Explain Okun's law.
26. Explain financial stimulus.

**(8 × 2 = 16 Marks)**

### SECTION – III

Answer **any six** questions not exceeding **120** words. Each question carries **4** marks.

27. Explain the various types of inflation.
28. Point out the IS- LM equilibrium.
29. What is investment multiplier?
30. What are the determinants of the consumption?
31. Write a note on quantitative credit control methods.
32. Explain the features of money market.
33. Explain the theory of liquidity preference.
34. Explain the scope of macro economics.
35. What are the methods to control inflation?
36. Explain the components of aggregate demand.
37. Distinguish between consumer price index and GDP deflator.
38. Examine the factors affecting investment.

**(6 × 4 = 24 Marks)**

### SECTION – IV

Answer **any two** questions, not exceeding **4** pages. Each question carries **15** marks.

39. Explain briefly the fiscal and monetary policy multipliers.
40. Discuss the effectiveness of fiscal and monetary policy on IS-LM equilibrium.
41. Explain the Keynesian model of income determination.

42. What is the principal-agent problem you notice in the relationship between lender and borrower?
43. How can you measure the aggregate economy from the expenditure side? State the limitations of GDP as a measure.
44. Define central bank's policy rate. In what way it can affect economic spending.

(2 × 15 = 30 Marks)

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