

QP CODE: D2BIB2401	(Pages: 2)	Reg. No :
		Name :
SECOND SEMESTER FYUGP EXAMINATION, APRIL 2025		
MAJOR COURSE		
BIB2CJ101 : Principles of Macro Economics		
(Credits: 4)		
Time: 2 Hours	Maximum Marks: 70	
Section A		
Answer the following questions. Each carries 3 marks (Ceiling: 24 marks)		
1. What is national income ?	BL1	CO1, CO5
2. What is the Consumer Price Index (CPI), and how is it used to measure inflation?	BL1	CO1, CO5
3. What is the relationship between wages and labor market equilibrium?	BL2	CO2, CO5
4. Define full employment and explain how it differs from unemployment.	BL2	CO2, CO5
5. What are the key components of Aggregate Demand (AD) in a closed economy with government intervention?	BL2	CO2, CO5
6. What are the key assumptions of Classical Economics?	BL1	CO2, CO5
7. What is fiscal policy?	BL2	CO3, CO5
8. What does the LM curve represent?	BL1	CO3, CO5
9. What is circular flow of income? What are the components in a two sector model?	BL1	
10. Define labor market equilibrium in the classical theory.	BL1	CO2, CO5
Section B		
Answer the following questions. Each carries 6 marks (Ceiling: 36 Marks)		
11. Discuss the significance of the GDP deflator in measuring inflation .	BL5	CO1, CO5
12. Explain the four components of GDP with examples.	BL2	CO1, CO5
(PTO)		

13.	Explain Say's Law and its implications for the economy.	BL2	CO2, CO5
14.	Explain how the classical theory of interest rates determines the equilibrium interest rate using the supply and demand for capital.	BL4	CO2, CO5
15.	Discuss the relationship between the Investment Multiplier and Marginal Propensity to Consume (MPC).	BL4	CO2, CO5
16.	Given the equilibrium condition $Y = C + I$ and $C = a + bY$ and $I = \bar{I}$, find the condition for equilibrium income.	BL3	CO2, CO5
17.	How does the rational expectations theory impact inflation control?	BL4	CO4, CO5
18.	Explain the concept of simultaneous equilibrium in goods and money markets.	BL2	CO3, CO5

Section C

Answer any one question. Each carries 10 marks (1 x 10 = 10 Marks)

19.	Discuss the Keynesian demand for money with an emphasis on its three motives and its effect on monetary policy.	BL4	CO2, CO5
20.	How IS curve is derived and examine the various reasons for its shifts.	BL4	CO3, CO5

CO : Course Outcome

BL : Bloom's Taxonomy Levels (1 – Remember, 2 – Understand, 3 – Apply, 4 – Analyse, 5 – Evaluate, 6 – Create)