

FIFTH SEMESTER BA DEGREE EXAMINATION, NOVEMBER 2022
(Regular/Improvement/Supplementary)

ECONOMICS
GECO5B07T: MACROECONOMICS I

Time: 2 ½ Hours

Maximum Marks: 80

SECTION A: Answer the following questions. Each carries 2 marks.

(Ceiling 25 Marks)

1. Define GDP.
2. What is a ratio variable?
3. Bring out the difference between nominal and real GNP.
4. What do you mean by full employment?
5. Define voluntary employment.
6. Give the Fisher's equation and point out the relevance of 'V' in Fisher's equation.
7. Define money illusion.
8. Define MEC.
9. Mention the causes of deflationary gap.
10. What do you mean by equilibrium?
11. Define the prospective yield of a capital asset.
12. What is near money?
13. Define speculative demand for money.
14. Define nominal interest rate
15. Why money is referred to as a standard of deferred payment.

SECTION B: Answer the following questions. Each carries 5 marks.

(Ceiling 35 Marks)

16. What is the importance of the study of macro economics?
17. Briefly explain the money market equilibrium in Classical theory.
18. What are the assumptions of the Quantity theory of money?
19. Bring out the differences between the cash transactions approach and cash balance approach to the quantity theory of money.
20. Explain the operation of tax multiplier with the help of a diagram.
21. Distinguish between APC and MPC and explain the relation between APC and MPC.
22. What is marginal efficiency of investment? How does it affect investment?
23. Explain the inverse relationship between interest rate and bond price with a suitable example.

SECTION C: Answer any 2 question. Each carries 10 marks.

24. Briefly explain the methods of measuring national income and its limitations.
25. State and explain Say's law. On what ground did Keynes refute it?
26. Explain the equilibrium level of income – output in Keynesian analysis.
27. Briefly explain Friedman's restatement of Quantity theory of money.

(2 x 10 = 20 Marks)