**C 22144** (Pages : 2) Name...........................................

Reg. No.....................................

## SECOND SEMESTER (CBCSS–UG) DEGREE EXAMINATION, APRIL 2022

Economics

ECO 2B 02—MACRO ECONOMICS—I

(2021 Admissions)

Time : Two Hours and a Half Maximum : 80 Marks

### Section A

*Answer atleast* **ten** *questions.*
*Each question carries* 3 *marks.*
*All questions can be attended.*
*Overall ceiling* 30.

1. Explain effective demand.

2. Write a short note on the liquidity trap.

3. Distinguish between autonomous and induced investment.

4. Define Broad Money.

5. Explain neutrality of money.

6. Explain equation of exchange.

7. Distinguish between voluntary and involuntary unemployment.

8. Explain speculative demand for money.

9. Distinguish between final goods and intermediate goods.

10. Write a short note on the classical dichotomy.

11. Explain Keynesian investment function.

12. Write a short note on the deflationary gap.

13. Explain high powered money.

14. What is meant by fiscal policy.

15. Distinguish between stock and flow variables.

$(10 \times 3 = 30 \text{ marks})$

**Turn over**

## Section B

*Answer atleast* **five** *questions.*
*Each question carries* 6 *marks.*
*All questions can be attended.*
*Overall ceiling* 30.

16. Describe the circular flow of income in a two-sector economy.

17. Explain Keynesian Cross.

18. What is Say's Law of markets ? How did classical economists use this law to show that there could not be involuntary unemployment in the economy ?

19. Describe the Cash balance approach to the demand for money.

20. Elucidate the nature and scope of macroeconomics.

21. Explain the relationship between APC and MPC.

22. Explain money multiplier.

23. Explain Marginal Efficiency of Capital. How is it calculated ?

$(5 \times 6 = 30 \text{ marks})$

## Section C

*Answer any* **two** *questions.*
*Each question carries* 10 *marks.*

24. Discuss the Keynesian theory of demand for money.

25. Explain methods of measuring national income.

26. Discuss the Restatement of the quantity theory of money.

27. Explain the classical theory of interest. Why is the classical theory of interest also known as the real theory of interest ?

$(2 \times 10 = 20 \text{ marks})$