Reg.No. \_\_\_\_\_\_\_\_\_\_\_\_



**UNIVERSITY**

(Karunya Institute of Technology & Sciences)

(Declared as Deemed-to-be University under Sec.3 of the UGC Act, 1956)

**End Semester Examination – April/May – 2017**

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| **Code :** | **16BC2006** | **Duration :** | **3hrs** |
| **Sub. Name :** | **MACROECONOMICS** | **Max. marks :** | **100** |

**ANSWER ALL QUESTIONS (5 x 20 = 100 Marks)**

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| Q. No. | Sub Div. | Questions | Course  Outcome | Marks |
| 1. | a. | Discuss the Nature and Scope of Macro Economics. | CO1 | 4 |
| b. | Explain the theory of effective demand . | CO1 | 4 |
| c. | What is the difference between macroeconomics and microeconomics? | CO1 | 4 |
| d. | Describe the four major sectors in an economy according to macroeconomics point of view. | CO1 | 4 |
| e. | What are the four factors of production and what is remuneration to each of these called? | CO1 | 4 |
| (OR) | | | | |
| 2. | a. | Explain GDP and Spell out the methods of calculating GDP. | CO1 | 4 |
| b. | Give the meaning of Real GDP and Nominal GDP. Which of these is the indicator of economic welfare? | CO1 | 4 |
| c. | What is the meaning of full employment in Macro Economics? | CO1 | 4 |
| d. | Explain the determination of equilibrium level of employment in terms of principle of Effective demand. | CO1 | 4 |
| e. | What is meant by per capita GDP? | CO1 | 4 |
| 3. | a. | Explain the concept of involuntary unemployment. | CO1 | 4 |
|  | b. | Summarize the features of the “classical” theory of the labor market. | CO1 | 4 |
|  | c. | What are the advantages of Social Accounting? | CO1 | 4 |
|  | d. | What is meant by demand for labour? | CO1 | 4 |
|  | e. | What is meant by supply of labour? | CO1 | 4 |
| (OR) | | | | |
| 4. | a. | Write short notes on i)Autonomous Consumption ii) Disposable Income. | CO2 | 4 |
|  | b. | Explain the Liquidity preference theory of interest. | CO2 | 4 |
|  | c. | Explain the transaction motive and precautionary motive of holding cash. | CO2 | 4 |
|  | d. | What is the relationship between investment and interest rates? | CO2 | 4 |
|  | e. | Explain the concept of Multiplier. | CO2 | 4 |
| 5. | a. | Explain the speculative motive for holding money. | CO2 | 4 |
|  | b. | Explain the Concept of Marginal Propensity to save. | CO2 | 4 |
|  | c. | What are the determinants of Consumption function? | CO2 | 4 |
|  | d. | What is liquidity trap according to Keynes? | CO2 | 4 |
|  | e. | Explain the important determinants of Investment. | CO2 | 4 |
| (OR) | | | | |
| 6. | a. | Distinguish between nominal & real rate of interest. | CO3 | 4 |
|  | b. | What do you mean by government expenditure multiplier? | CO3 | 4 |
|  | c. | What is meant by the "consumption function"? | CO3 | 4 |
|  | d. | What are the criticisms of the Keynesian theory of Demand for Money? | CO3 | 4 |
|  | e. | Draw the graph of Investment Demand Curve. | CO3 | 4 |
| 7. | a. | What is Monetary Policy? | CO3 | 4 |
|  | b. | What is Fiscal Policy? | CO3 | 4 |
|  | c. | Explain the objective of “Price Stability” in MacroEconomics. | CO3 | 4 |
|  | d. | Explain the objective of “Economic growth” in MacroEconomics. | CO3 | 4 |
|  | e. | What is Exchange rate stability? | CO3 | 4 |
| (OR) | | | | |
| 8. | a. | What is Philips Curve in MacroEconomics? | CO3 | 4 |
|  | b. | Explain why the long-run Phillips curve is vertical. | CO3 | 4 |
|  | c. | Explain shift in LM curve. | CO3 | 4 |
|  | d. | Explain the two theories of Aggregate Supply. | CO3 | 4 |
|  | e. | What are some of the factors that caused the Phillips curve to shift to the right (or the short-run aggregate supply curve to shift to the left) in the 1970s. | CO3 | 4 |
|  | | **Compulsory:** |  |  |
| 9. | a. | How did Great Depression change Macroeconomics? | CO1 | 4 |
|  | b. | Explain Social Accounting. | CO1 | 4 |
|  | c. | Explain Marginal Propensity to Consume. | CO2 | 4 |
|  | d. | What is the difference between Autonomous and Induced Investment? | CO2 | 4 |
|  | e. | Briefly explain the principle of Acceleration. | CO3 | 4 |

ALL THE BEST