PART C — (5 × 8 = 40 marks)

Answer ALL the questions, choosing either (a) or (b).

Each answer should not exceed 600 words.

16. (a) Discuss the nature and scope of Macro Economics.

Or

(b) Distinguish between Micro Economics and Macro Economics.

17. (a) Elucidate the methods of calculating National Income.

Or

(b) Enumerate the difficulties in calculating National Income.

18. (a) Analysis the types of Unemployment.

Or

(b) Mention the Real Balance Effect.

19. (a) Examine the determination of effective demand.

Or

(b) Briefly explain the aggregate demand function.

20. (a) Describe the determinants of the consumption function.

Or

(b) Critically examine Keyne's Psychological Law of consumption.

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MACRO ECONOMICS — I

PART A — (10 × 1 = 10 marks)

Answer ALL questions.

Choose the correct answer :

1. Macro Economics as a separate branch came to be studied after the contributions of which economist?
   (a) Adam Smith   (b) J.M. Keynes
   (c) F. Hayek   (d) Samuelson

2. Which of the following is NOT a Macro Economics variable?
   (a) GDP   (b) National Income
   (c) National Output   (d) Price

3. Which of the following is the correct term for calculating National Income at constant prices?
   (a) Current Income   (b) Domestic Income
   (c) Real Income   (d) None

4. Which of the following is another term for the NNP at factor cost?
   (a) Personal Income   (b) National Income
   (c) GNP   (d) NDP

5. "Supply creates its own demand according to" _____.
   (a) J.B. Say   (b) J.C. Say
   (c) Hicks   (d) J.Y. Say

6. The Pigou effect was first popularized in _____.
   (a) 1942   (b) 1943
   (c) 1944   (d) 1947

7. What is the shape of the Keynesian Aggregate Supply curve before the level of full employment is attained?
   (a) Perfectly inelastic   (b) Perfectly elastic
   (c) Unitary elastic   (d) More elastic

8. Effective demand =
   (a) AD = AS   (b) AD > AS
   (c) AD < AS   (d) None

9. The psychological law of consumption applies to free and prosperous _____.
   (a) Socialists Economics
   (b) Capitalists Economics
   (c) Both (a) and (b)
   (d) None

10. The relative income hypothesis was developed by _____.
    (a) James Duesenberry
    (b) J.M. Keynes
    (c) Milton Friedman
    (d) James Tobin

PART B — (5 × 5 = 25 marks)

Answer ALL the questions, choosing either (a) or (b).

Each answer should not exceed 250 words.

11. (a) Explain the importance of Macro Economics.

    Or

    (b) State the types of Variables.

12. (a) Narrate the uses of National Income Analysis.

    Or

    (b) Write a brief note on 'GNP'.

13. (a) Explain in detail Say's law of Markets.

    Or

    (b) Write a short note on 'Full Employment'.

14. (a) Explain the underemployment equilibrium.

    Or

    (b) Explain the concept of effective demand.

15. (a) Explain the absolute income hypothesis.

    Or

    (b) Point out the permanent income hypothesis.