

SECOND SEMESTER B.A. DEGREE EXAMINATION, MAY 2017

(CUCBCSS—UG)

Complementary Course

ECO 1C 01 AND ECO 2C 01—ESSENTIALS OF ECONOMICS—MICRO AND MACRO

Time : Three Hours

Maximum : 80 Marks

*Answers may be written either in English or in Malayalam.***Section A (Objective Type Questions)**

PART I

*Answer all questions.**Each carries ½ mark.*

1. Basic reason for choice is :
 - (a) Rationality.
 - (b) Risk.
 - (c) Utility.
 - (d) Scarcity.
2. Who made the foundation to the modern theory of demand ?
 - (a) Stigler.
 - (b) Hicks.
 - (c) Marshall.
 - (d) Walras.
3. The production function is a relation between :
 - (a) Labour input to output.
 - (b) Cost to output.
 - (c) Value added to inputs.
 - (d) All the above.
4. Economies of scale mean a reduction in :
 - (a) Advertisement cost.
 - (b) Total cost.
 - (c) Unit cost.
 - (d) Marginal cost.
5. Which of the following is a rectangular hyperbola :
 - (a) ATC.
 - (b) AFC.
 - (c) AVC.
 - (d) MC.
6. Average cost is equal to :
 - (a) TFC/Q .
 - (b) TC/Q .
 - (c) $TR-TC$.
 - (d) TVC/Q .

(6 × ½ = 3 marks)

Turn over

PART II

Answer **all** questions.

Each question carries $\frac{1}{2}$ mark.

7. GDP is equal to :
- (a) Consumption+ investment + government expenditure.
 - (b) Consumption + investment + government expenditure +exports.
 - (c) Total final expenditure -imports.
 - (d) None of the above.
8. Equation of Exchange is associated with :
- (a) Pigou.
 - (b) J.B. Say.
 - (c) Alfred Marshall.
 - (d) Irving Fisher.
9. "Supply creates its own demand" is a law of :
- (a) Inflation.
 - (b) Investment.
 - (c) Consumption.
 - (d) Market.
10. The author of ' General theory of employment, interest and money is :
- (a) Adam Smith.
 - (b) Alfred Marshall.
 - (c) J.M Keynes.
 - (d) Ragnar Frisch.
11. The slope of the consumption function is defined as :
- (a) Non-income factor.
 - (b) The marginal propensity to consume.
 - (c) The average propensity to consume.
 - (d) None of these.
12. _____ is associated with the theory of multiplier.
- (a) Adam Smith.
 - (b) Malthus.
 - (c) Marshall.
 - (d) Keynes.

(6 × $\frac{1}{2}$ = 3 marks)

Section B (Very Short Answer Type Questions)**PART I**

Answer any five questions.

Each question carries 2 marks.

13. Explain inter-relationship between Economics and other disciplines.
14. Distinguish between micro economics and macro economics.
15. Define marginal utility.
16. What is market and explain its various forms.
17. What is Law of Variable proportions ?
18. What is law of supply ?

(5 × 2 = 10 marks)

PART II

Answer any five questions.

Each question carries 2 marks.

19. Define GDP.
20. Distinguish between GNP at market price and factor cost.
21. Explain Theory of Equation of Exchange.
22. What is effective demand ?
23. What is Keynesian cross ?
24. Explain the Concept of Under-employment equilibrium.

(5 × 2 = 10 marks)

Section C (Short Essay Questions)**PART I**

Answer any three questions.

Each question carries 5 marks.

25. Explain the concept of scarcity and choice in Economics.
26. Explain Law of Equi-marginal utility.
27. Explain any two methods of measuring price elasticity of demand.
28. Explain production possibility curve.

(3 × 5 = 15 marks)

Turn over

PART II

*Answer any **three** questions.
Each question carries 5 marks.*

29. Distinguish between national income and per capita income.
30. Explain Say's Law of Market.
31. Explain the Consumption function.
32. Write a note on the concept of Multiplier.

(3 × 5 = 15 marks)

Section D (Essay Questions)

PART I

*Answer any **one** question.
The question carries 12 marks.*

33. Explain Law of diminishing marginal utility.
34. Briefly explain different concepts of costs.

(1 × 12 = 12 marks)

PART II

*Answer any **one** question.
The question carries 12 marks.*

35. Give a brief account of the theory of effective demand by Keynes.
36. Briefly explain the classical postulates of theory of output and employment

(1 × 12 = 12 marks)