Reg. No.: ....

Name: ....

University of Kerala

Y7928

Fourth Semester FYUGP Degree Examination, May 2026

Discipline Specific Core Course

ECONOMICS

UK4DSCECO200 - Macroeconomics -1

Academic Level: 200-299

2024 Admission

Time: 2 Hours(120 Mins) **Max. Marks: 56**

Part A. 6 Marks:Time 5 Minutes.(Cognitive Level :Remember(RE)/Understand(UN)) Objective Type.1 mark each, Answer all questions

Qn No.	Question	CL	CO
1	The Keynesian multiplier shows: Options : A)Change in income due to change in investment B)Change in prices C)Change in exports D)None of the above	RE	2
2	IS-LM model was developed by Options : A)J R Hicks B)Adam smith C)Irvin Fisher D)David Ricardo	RE	1
3	The marginal propensity to consume is: Options : A)Change in consumption/change in income B)Change in income/change in consumption C)Consumption/income D)Savings/income	UN	4
4	Relative income hypothesis was developed by: Options : A)James Duesenberry B)Milton Friedman C)Irving Fisher D)None of the above	UN	4
5	An example of double counting in national income would be Options : A)Wages of drivers B)Cotton output and cotton cloth output C)Electricity and water D)Tax receipts and earnings of revenue officials	UN	2
6	The LM curve represents equilibrium in the :	UN	3

Qn No.	Question	CL	CO
	Options : A)Goods market B)Labour market C)Money market D)Commodity market		

Part B. 10 Marks.Time:20 Minutes (Cognitive Level:Understand(UN)/Apply(AP))Two-three sentences.2 marks each.Answer all questions

Qn No.	Question	CL	CO
7	What is personal disposable income?	UN	1
8	What is cost of living index	UN	1
9	Using the Quantity Theory of Money (MV=PT), predict what happens to the price level (P) if the money supply (M) doubles while V and T remain constant.	AP	2
10	If government spending increases ,how will the IS curve shift and Why?	AP	2
11	If the government reduces the money supply, what will happen to the price level according to Fisher’s equation?	AP	3

Part C. 16 Marks.Time:35 Minutes.(Cognitive Level :Apply(AP)/Analyse(AN))Short Answer.4 marks each, Answer all 4 questions,choosing among options * within each question

Qn No.	Question	CL	CO
12	A) Explain life cycle theory of consumption. OR B) Examine Kuznet’s Consumption function puzzle.	AP	4, 4
13	A) Illustrate how changes in aggregate demand affects output and employment in the Keynesian model. OR B) Use the IS-LM framework to explain the effect of contractionary monetary policy.	AP	2, 3
14	A) compare the classical and keynesian approaches to full employment	AN	3, 3

Qn No.	Question	CL	CO
	OR B) Analyse the Concept of Multiplier and its significance in economic growth		
15	A) Examine why APC falls as income rises according to Keynes. OR B) Analyze the components of Neoclassical Theory of Investment;	AN	4, 4

Part D. 24 Marks.Time: 60 Minutes.(Cognitive Level :Analyse(AN)/Evaluate(EV)/Create(CR)) Long Answer 6 Marks each.Answer all 4 questions choosing among options * within each question

Qn No.	Question	CL	CO
16	A) Explain with the help of figures the simple Keynesian model of income determination. OR B) Contrast full employment equilibrium and underemployment equilibrium with the help of Classical and Keynesian theory	AN	2, 2
17	A) Assess the role of investment in income determination. OR B) Explain the neoclassical theory of investment.	EV	3, 4
18	A) Evaluate and compare the three methods of National Income Accounting. OR B) Consumers prefer a smooth consumption through out life . Evaluate the statement with the help of Life Cycle Hypothesis	EV	5, 4
19	A) Design a Keynesian policy framework that a government can use to increase aggregate consumption during a recession.	CR	4, 4

Qn No.	Question	CL	CO
	OR B) Propose a set of fiscal measures based on Keynesian consumption theory to reduce unemployment in a developing economy.		