Reg. No.: ....

Name: ....

University of Kerala

U8864

Second Semester FYUGP Degree Examination, April 2025

Discipline Specific Core Course

ECONOMICS

UK2DSCECO101 - Fundamentals of Macroeconomics

Academic Level: 100-199

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	Which of the following is a characteristic feature of a developing country? Options : A)High per capita income B)Advanced technology C)High poverty rates D)Low population growth	RE	1
2	Demand-pull inflation is caused by: Options : A)Decrease in demand B)Increased production costs C)Government Price control D)Excess aggregate demand	RE	1
3	Unemployment that arises when workers are searching for new jobs or are transitioning from one job to another is known as: Options : A)Structural unemployment B)Frictional unemployment C)Seasonal unemployment D)Involuntary unemployment	UN	2
4	The ratio of change in investment to change in income or consumption is called ------------- Options : A)Investment multiplier B)Marginal propensity to consume C)Average propensity to consume D)Accelerator	UN	2
5	According to the theory of absolute advantage, what is the main benefit of international trade? Options : A)Increased Tariff B)Increased Trade barriers C)Specialization and increased production D)Increased Prices	UN	2
6	Real GDP is calculated by adjusting nominal GDP for -------------	UN	2

Qn No.	Question	CL	CO
	Options : A)Tax rates B)Inflation C)Depreciation D)Trade balance		

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	Explain the concept of Effective Demand in Keynesian System?	UN	1
8	What are the different methods used to measure GDP?	UN	1
9	Distinguish between frictional unemployment and structural unemployment with live examples.	AP	2
10	How does unemployment affect Economics growth?	AP	2
11	What happens to the employment levels during the Depression?	AP	1

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) If the central bank lowers bank rate, how will it affect the total money supply in the economy. OR B) Give an example of how specialisation leads to gains from trade	AP	2, 2
13	A) How does an increase in fuel prices affect the cost of living in a country? OR B) Distinguish between voluntary and involuntary unemployment. Elucidate with suitable examples.	AP	2, 2
14	A) Analyse the importance of international trade in the modern global economy. OR B)	AN	3, 3

Qn No.	Question	CL	CO
	How can a government use the fiscal policy to control inflation?		
15	A) Explain the importance of GDP as an economic indicator. OR B) Do you think that deflation is always negative for the economy ?	AN	3, 3

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) Analyse the role of fiscal policy measures in obtaining economic stability. OR B) Explain five major concepts associated with National Income Accounting. Discuss its limitations.	AN	3, 2
17	A) Evaluate the major objectives of Fiscal Policy. OR B) Assess the difference between the components of Income Method and Expenditure Method for measuring national income	EV	3, 4
18	A) To what extent do the advantages of international trade outweigh its disadvantages? OR B) Compare and evaluate the economic impact of different types of inflation.	EV	4, 4
19	A) Propose a suitable fiscal policy framework for reducing unemployment and ensuring economic growth. OR B) Create a detailed analysis of demand-pull and cost-push inflation, comparing their causes, effects, and policy responses.	CR	4, 4