St. Claret College

Roll No:
Date:

Autonomous, Bengaluru

UG END SEMESTER EXAMINATION-MAY 2026

BA/BSC ECONOMICS II SEMESTER

EC 224: MACRO ECONOMY

12

TIME: 3 hours. **MAX. MARKS: 80**

This paper contains TWO printed pages and FOUR parts

Instructions:
1. **Verify and ensure that the question paper is completely printed.**
2. **Any discrepancies or questions about the exam paper must be reported to the COE within 1 hour after the examination.**
3. **Students must check the course title and course code before answering the questions.**

PART-A

Answer all the questions. Each answer carries ONE mark. **[1 x 10 = 10]**

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1. GNP includes
   A) Net income from abroad B) Personal Disposable Income
   C) Depreciation D) Only Domestic Income
2. Who supplies the factors of production in the circular flow of income?
   A) Government B) Firms
   C) External Sector D) Households
3. Say's Law states
   A) Supply creates its own demand B) Demand creates supply
   C) Prices are fixed D) Savings reduce investment
4. Keynesian consumption function depends on
   A) Interest rate B) Inflation
   C) Taxes D) Income
5. Multiplier effect refers to
   A) Increase in taxes B) Increase in income due to investment
   C) Decrease in output D) Price stability
6. Money multiplier is related to:
   A) Banking system B) Income
   C) Trade D) Inflation

7. Liquidity trap occurs when

   A) Interest rate is high B) Interest rate is very low

   C) Socialism D) Liberalization

8. IS curve representing

   A) Money market B) Goods market equilibrium

   C) Inflation rises D) Output increases

9. Demand-pull inflation is caused by:

   A) Supply shortage B) Cost increase

   C) Excess demand D) Wage fall

10. Trade cycle refers to

   A) Long-term growth B) Short-term fluctuations

   C) Inflation only D) Employment only

PART-B

Answer any FIVE questions. Each answer carries TWO marks. **[2 x5 =10]**

11. Define GDP.
12. What are Stock Variables?
13. Define Effective Demand.
14. What is marginal propensity to consume (MPC)?
15. What is Ratchet effect.?
16. What is Expansionary Monetary Policy?
17. Define Inflationary Gap.

PART-C

Answer any FOUR questions. Each answer carries FIVE marks. **[5 x 4 =20]**

18. Explain methods of measuring National Income.
19. Analyse implication of Classical Theory of employment.
20. Explain Keynesian consumption theories.
21. Discuss functions of money and its importance.
22. Critically analyse Fishers Quantity Theory of Money
23. Explain types of Inflation with examples.

PART-D

Answer any FOUR questions. Each answer carries TEN marks. **[10 x 4=40]**

24. Explain circular flow of income in two and three models with diagram.
25. Critically evaluate Keynesian theory of employment and income determination.
26. Discuss Loanable fund theory with the help of a diagram.
27. Explain Impact of Fiscal and Monetary policy on IS-LM model with diagrams.
28. Critically examine Phillips Curve and its relevance in modern economics.
29. Analyse causes and remedies of trade cycles.