MAHATMA GANDHI UNIVERSITY, KOTTAYAM

SECOND SEMESTER MGU-UGP (HONOURS) REGULAR EXAMINATION 2025

MG2DSCECO100 - ESSENTIALS OF ECONOMICS II

(2024 ADMISSION ONWARDS)

Duration: 2 Hours   **Maximum Marks: 70**

Remember (K), Understand (U), Apply (A), Analyse (An), Evaluate (E), Create (C), Interest (I), Appreciation (Ap), and Skill (S)

Students should attempt atleast one question from each course outcome to enhance their overall outcome attainability.

[Learning Domain][CO No(s)]

Part A
Multiple Choice Questions
Answer all questions
Each question carries 1 mark

1. Which index measures the average price change received by domestic producers for their output?   [U][6]
   a) Consumer Price Index (CPI)
   b) Producer Price Index (PPI
   c) Wholesale Price Index (WPI)
   d) GDP Deflator

2. The market for short term funds are known as   [U][5]
   a) Capital market.
   b) Money market
   c) Stock exchange
   d) RBI

3. Banker's bank is   U][5]
   a) Central Bank
   b) Commercial Bank
   c) SEBI
   d) World Bank

4. Father of Behavioural Economics   [K] [1]
   a) Adam smith
   b) Richard Thaler
   c) David Ricardo
   d) Daniel Kaheneman

5. NNP =   [U] [6]
   a) GDP + Factor Income from Abroad
   b) GNP- Depreciation
   c) GNP- Net Factor income from abroad

d) NNP- Indirect taxes+ subsidies

6. Which among the following is a consequence of asymmetric information   [U][3]
   a) adverse selection
   b) Moral hazard
   c) Both a & b
   d) None of the above

7. The phenomenon where individuals make decisions based on the actions of others rather thantheir own independent analysis is --------------   [U] [4]
   a) Herding
   b) Negotiation
   c) Cooperation
   d) None of the above

8. Theory of moral sentiments is written by   [K] [1]
   a) Adam Smith
   b) Alfed Marshall
   c) Ricardo
   d) J S Mill

9. Ultimatum Game is   [K][2]
   a) Behavioural experiment game
   b) Irrationality game
   c) Both a &b
   d) None of the above

10. Two sectoral economy consists of _____and _____.   [U][6]
    a) Firms, Government
    b) Firms, Households
    c) Foreign Sector , Government
    d) Household, government   (10 × 1= 10)

Part B
Short Answer Questions (50 Words)
Answer any 10 questions
Each carries 3 marks

11.   Explain the concept of adverse selection in Insurance market.   [U][3]

12.   Examine the role of time in economic decision making   [K][2]

13.   Distinguish between CPI and PPI   [U][6]

14.   Briefly explain Stock exchanges.   [U][5]

15.   Distinguish between Money market and capital market   [U][5]

16.   Briefly explain Signaling   [U][3]

17.   Explain GDP deflator   [U][6]

18.   Distinguish between Real interest and Nominal interest.   [U][6]

19.   Differentiate NNP at market price and NNP at factor cost.   [U][6]

20.   Write a note on Behavioural economics.   [K][1]

21. Differentiate Banking and Non Banking Financial Intermediaries.   [U][5]

22. Discuss the role of financial system in an economy   [U][5]

23. Evaluate Asymmetric Information and adverse selection.   [E][3]

24.How can businesses and policymakers mitigate the risks associated with moral hazard
                                                                                                          [An][3]

25. Explain the role of peer effects in economic decisions.   [U] [4]

                                                                                   (10 × 3 = 30)
Part C
Short Essay Type Questions (160 Words)
Answer any 5 questions
Each question carries 6 marks

26. What are the instruments of fiscal policy?   [U] [6]

27. Graphically explain the circular flow of income and expenditure.   [U] [6]

28. Discuss rationality in economics.   [K] [1]

29. Discuss the role of Central Bank in a financial system.   [K] [5]

30. Analyse the Government policy in the world of asymmetric information.   [An][3]

31. Explain the components of financial system.   [U] [5]

32. Briefly describe different approaches to rationality   [K] [1]

33. Analyse the main aspects of information economics.   [An][3]

34. Examine the role of charity, fairness, revenge, and trust in economics.   [An] 4]

35. Discuss the neuro economic perspective of economic decision.   [K][2]

                                                                                   (5 x 6 = 30)