E 1706

Reg. No............................

Name............................

B.A. DEGREE (C.B.C.S.S.) EXAMINATION, OCTOBER 2015

Fifth Semester

B.A. Economics (Model I)

Core Course—PRINCIPLES OF MACROECONOMICS

(2013 Admissions)

Time : Three Hours   Maximum : 80 Marks

Part A (Definition Type Questions)

Answer **all** *the following questions in* **one sentence** *each.*
Each question carries 1 mark.

1. Comparative static analysis.
2. Double counting.
3. NDP at market prices.
4. Effective demand.
5. Involuntary unemployment.
6. Unbalanced budget.
7. Liquidity trap.
8. Keeping up with the Jones's effect.
9. Velocity of circulation of money.
10. Investment multiplier.

(10 × 1 = 10)

Part B (Short Answer Questions)

Answer any **eight** *of the following questions in* **a paragraph** *each (not exceeding 100 words).*
Each question carries 2 marks.

11. What is accelerator ?
12. What are loanable funds ?
13. Explain Cambridge equation.
14. What is operating surplus ?
15. What is Pigou effect ?
16. What is the reason for the 45° nature of the AS curve ?
17. Define Net Economic Welfare (NEW).
18. What is potential GNP ?
19. What is an economic model ?
20. Estimate MPS from the following data :—

Income (Rs.)	...	1,000	1,500	2,000	2,500
Consumption (Rs.)	...	850	1,000	1,500	2,100

    Does the MPS violates Keynesian result here ?

Turn over

21. If MPC = 0.20, find out the value of the multiplier.

22. Say's Law.

<div align="right">(8 × 2 = 16)</div>

Part C (Short Essays)

Answer any **six** *of the following questions in* **one and a half page** *each (not exceeding 150 words).*
Each question carries 4 marks.

23. Explain the relation between national income and welfare.

24. Explain the factors that determine consumption.

25. What are the basic features of the classical model ?

26. Explain foreign trade multiplier.

27. Explain liquidity preference theory.

28. Calculate GDP at Factor cost using the following data :

		Rs.
Consumption expenditure	=	12,000
Investment expenditure	=	3,000
Governments expenditure	=	4,000
Import payments	=	1,000
Export earnings	=	800
Indirect Taxes	=	1,000
Subsidies	=	500

29. Distinguish between micro and macroeconomics.

30. What is classical theory of money ?

31. Do you think that the traditional explanations regarding the difficulties in the measurement of national income are applicable to the present day Indian economy ?

<div align="right">(6 × 4 = 24)</div>

Part D (Long Essays)

Answer any **two** *of the following questions not exceeding* **four pages** *each.*
Each question carries 15 marks.

32. Critically examine quantity theory of money.

33. Explain income-consumption relationships with suitable numerical examples and diagrams.

34. Explain the Keynesian cross analysis.

35. What are the basic features of the circular flow in a four sector economy ?

<div align="right">(2 × 15 = 30)</div>