B.A. DEGREE END SEMESTER EXAMINATION OCTOBER 2017

SEMESTER –5: ECONOMICS (CORE COURSE)

COURSE: **15U5CRECO08: PRINCIPLES OF MACRO ECONOMICS**

(For Regular 2015 admission)

Time: Three Hours   Max. Marks: 75

PART A – Very Shot Answers

Answer *all* questions in one or two sentences.

1. Net Economic Welfare
2. Macro dynamics
3. Effective Demand
4. Marginal Efficiency of capital
5. Nominal GDP and Real GDP
6. Duesenberry Effect
7. NDP FC
8. Consumption function
9. Macro Economics
10. Time series data   (1 x 10 = 10)

PART B – Short Answers

Answer *any EIGHT* of the following, in four or five sentences

11. Classical dichotomy
12. APC and MPC
13. Consumption Puzzle
14. Define the term multiplier. How do we measure it.
15. Stock and flow
16. Accelerator theory
17. If the value of marginal prospensity to consume is 0.6, calculate the value of multiplier
18. Induced and autonomous investment
19. As an identity, saving is always equal to investment. Comment.
20. Explain Aggregate. Demand and Aggregate Supply   (2 x 8 = 16)

PART C - Short essays

Answer *any FIVE* of the following, not exceeding one page.

21. State and explain the main propositions of Say's law.
22. In an economy, the basic equations are as follows. The consumption function is
    C=120 + 0.80 Y and investment is I=250
    a) Find the equilibrium level of income

b) Find the equilibrium level of consumption

c) Find the equilibrium level of saving.

23. What is the relationship between income and consumption according to the life cycle hypothesis? Explain

24. Explain paradox of thrift

25. Explain the different methods of measuring national income.

26. What are the determinants of investments

27. Explain Keyne's psychological law of consumption   (5 x 5 = 25)

PART D – Long Essays
Write an essay on *any TWO* of the following.

28. Elaborate Classical theory of Income and employment determination.

29. Examine the Keynesian Theory of investment.

30. Describe the circular flow of income in a four sector economy

31. Describe the theories of Consumption.   (12 x 2 = 24)

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