

B. A. DEGREE END SEMESTER EXAMINATION - MARCH 2025**SEMESTER 4 : ECONOMICS****COURSE : 19U4CRECO5 : PRINCIPLES OF MACRO ECONOMICS***(For Regular 2023 Admission and Improvement /Supplementary 2022/2021/2020/2019 Admissions)*

Time : Three Hours

Max. Marks: 75

PART A**Answer All (1 mark each)**

1. Consumption Function.
2. Aggregate expenditure.
3. Neutrality of Money.
4. Product market equilibrium.
5. Net Indirect Taxes.
6. If $MPC=0.7$, then the value of multiplier is?
7. Wage – price flexibility.
8. Induced investment.
9. Net Exports.
10. Green GNP.

(1 x 10 = 10)**PART B****Answer any 8 (2 marks each)**

11. Write a note on Value Added Method of national income calculation.
12. Define money market equilibrium.
13. Briefly explain Cambridge quantity theory of money.
14. Explain circular Money Flow with Saving and Investment.
15. Explain the meaning of 45 degree AS curve.
16. Write a note on compensations to employees.
17. Explain the relationship between APC and APS.
18. Aggregate Expenditure.
19. Explain circular Income Flow in a Two-Sector Economy.
20. Examine the Importance of multiplier.

(2 x 8 = 16)**PART C****Answer any 5 (5 marks each)**

21. Explain the derivation of LM curve.
22. Briefly explain the determinants of consumption.
23. How does wage price flexibility ensure full employment in the classical model?
24. "Changes in the money supply only affect nominal variables and not real variables" Discuss.
25. State the difference between Identity and Equations.
26. Explain saving- investment equality.
27. Examine the factors that influence IS curve to shift.

(5 x 5 = 25)

PART D

Answer any 2 (12 marks each)

28. Explain Keynesian three-sector model of income determination.
29. Explain the main postulates of classical macro economics. Discuss Keynesian criticism on classical theory.
30. Examine the savings function. Explicate various factors influencing it.
31. Examine various methods of national income estimation. Discuss their limitations.

(12 x 2 = 24)