

## MODEL QUESTION PAPER -2

TB145390

Reg. No.....

Name.....

### B.A. DEGREE (C.C.SS) EXAMINATION, OCTOBER 2016 SEMESTER V – ECONOMICS ECO5PME – PRINCIPLES OF MACRO ECONOMICS

**Time: Three hours**

**Maximum Marks: 80**

#### PART A

##### I. Short answer questions (Answer all questions. Each question carries 1 mark)

1. Real GNP
2. MPC
3. Speculative demand
4. Exogenous variable.
5. NNP at factor cost.
6. Operating Surplus
7. Investment Multiplier
8. Stock and flow
9. Consumption function.
10. Personal income

(10\*1)

#### PART B

##### II. Brief answer questions (Answer any eight questions. Each question carries 2 Marks)

11. What is paradox of thrift ?
12. Classical Dichotomy
13. Money neutrality
14. Use the equation  $C = 6 + 0.9 Y_d$  to construct a Schedule for consumption when  $Y_d$  is 100, 250, 300, 450.
15. What is GNP deflator?
16. Differentiate between autonomous and induced investment
17. Calculate GDP from the following data. Personal Consumption expenditure = 4391.8, Gross private domestic investment for our students = 891.7, Government expenditure for our students = 1158.1, Gross Exports = 660.1, Gross Imports = 723.
18. State the leakages of multiplier
19. Assume consumption is represented by the following:  $C = 400 + .75Y$ . Also assume that planned investment (I) equals 100. (a) Given the information, calculate the equilibrium level of income.
20. What is producer price index
21. Calculate GDP from the following data. Gross National Product (GNP) = 6030, payments of factor income to rest of the world = 110, receipts of factor income from rest of the world = 120
22. Balanced budget multiplier

(8\*2=16)

## **PART C**

### **III. Descriptive (Short essay questions) (Answer any six questions. Each question carries 4 marks)**

23. State GDP as an indicator of economic welfare
24. Explain Keynesian theory of Demand for money
25. Explain Say's law of market
26. Explain cash transaction approach of quantity theory of money
27. Explain liquidity preference theory of interest
28. Explain Pigou and Keynes effect
29. what are the difficulties of measuring national income ?
30. Explain Keynesian revolution in macroeconomics
31. How can double counting be avoided in calculating GDP?

**(6\*4=24)**

## **PART D**

### **IV. Long essay type questions (Answer any two questions. Each question carries 15 marks)**

32. Critically examine Fishers Quantity theory of money
33. Explain Keynesian model of income determination and output
34. Explain various methods of measuring national income. What are the difficulties of measuring national income
35. Explain the factors influencing consumption

**(2\*15=30)**