B. A. DEGREE (C.B.C.S.S.) EXAMINATION, OCTOBER 2018

(2017 Admissions Regular, 2016 Admissions Supplementary/Improvement & 2015 Admissions Supplementary)

SEMESTER III – CORE COURSE (ECONOMICS)
EC3B03B - PRINCIPLES OF MACRO ECONOMICS

Time: Three Hours   Maximum Marks: 80

PART A

I.   Answer all questions. Each question carries 1 mark

1. State Law of market
2. Differentiate between Final good and intermediate goods
3. Define flow
4. Value of MPC lies between ....
5. Distinguish between Expost and Exante variable
6. What is Pigou effect?

(6x1=6)

PART B

II.   Answer any seven questions. Each question carries 2 marks

7. Define Classical dichotomy
8. What is Parameter?
9. Define Real GNP and Nominal GNP
10. What is Propensity to consume?
11. Define Time series data
12. Explain Foreign trade multiplier
13. Define NNF_{FC}
14. Describe Transactionary motive
15. Differentiate between APS and APC
16. State Speculative demand for money

(7x2=14)

PART C

III.   Answer any five questions. Each question carries 6 marks

17. Indicate the implications of Say's Law of Market
18. Compare Classical and Keynesian view on wage and price.
19. Distinguish between macro statics and macro dynamics
20. Describe the principle of effective demand.
21. Explain Pigou effect and Keynes effect
22. What are the difficulties in the measurement of national income?
23. Explain long run APC and Keynesian cross.
24. Explain classical theory of employment. What are the basic assumptions of the Classical theory of employment.

(5x6=30)

PART D

IV. Answer any two questions. Each question carries 15 marks

25. Critically examine Keynesian theory of demand for money.
26. a) Suppose household consumption is C=$30+0.80Yd and Investment is $150. Find equilibrium level of income.
    b) Suppose the consumption function is C=$50+0.95Yd. Income for various periods is given in the table.

Year	Disposable Income ($)
2001-02	200
2002-03	400
2003-04	600
2004-05	800
2005-06	1000

   i) Find the level of consumption for various levels of income
   ii) Construct a table for APC, APS, MPC and MPS
   iii) Find the equilibrium level of income
   iv) Also interpret the values of APC, APS, MPC and MPS

27. Elaborate Classical theory of income and employment determination.
28. How equilibrium level of income and employment is determined in Keynesian 2 sector model?

(2x15=30)