



K23P 3206

Reg. No. :

Name :

First Semester M.A. Degree (CBSS – Supple. (One Time Mercy
Chance)/Imp.) Examination, October 2023

(2014 to 2022 Admissions)

ECONOMICS/APPLIED ECONOMICS/DEV. ECONOMICS

ECO1C02 : Macro Economic Theory – I

Time : 3 Hours

Max. Marks : 60

PART – A

Answer **all** questions. **Each** carries ½ marks.

- In the Keynesian consumption function $C(Y) = a + bY$, 'b' denotes
 - APC
 - APS
 - MPC
 - MPS
- _____ curve has a negative slope showing an inverse relationship between income and rate of interest at each saving investment equality.
 - LM
 - IS
 - BP
 - IC
- Ratex hypothesis is related to
 - New Classical Economics
 - Supply Side Economics
 - New Keynesian Economics
 - None of these
- Keynesian consumption function is expressed as
 - $C = a + bY$
 - $C = bY$
 - $C = a + b + Cy$
 - Both a and b
- Classical economists stressed on
 - Wage price flexibility
 - Wage price rigidity
 - Both a and b
 - None of the above

P.T.O.



6. "Money is a pivot around which the economic science clusters". This definition is put forward by
- a) J. M. Keynes
b) Alfred Marshall
c) A. C. Pigou
d) D. H. Robertson
7. If $MPC = 1$, then the value of multiplier becomes
- a) 0
b) 1
c) $0 - 1$
d) Infinity
8. The speculative demand for money is
- a) Interest elastic
b) Interest inelastic
c) Stable
d) Income determined

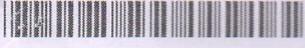
($8 \times \frac{1}{2} = 4$)

PART - B

Answer **any eight** questions. **Each** carries 2 marks.

9. Give a note on real balance effect.
10. What do you mean by consumption puzzle ?
11. Explain investment multiplier.
12. Define high powered money.
13. Briefly explain different motives of demand for money.
14. Distinguish between monetarism and fiscalism.
15. What do you mean by money market equilibrium ?
16. Briefly explain cash balance approach to demand for money.
17. Explain the main factors influencing Marginal Efficiency of capital.
18. Write a note on endogenous money supply.
19. Briefly explain Keynesian Psychological Law of consumption.

($8 \times 2 = 16$)



PART – C

Answer **any four** questions. **Each** carries **5** marks.

20. Briefly explain life cycle hypothesis.
21. Explain Friedman's restatement of quantity theory of money.
22. Explain the quantitative and qualitative instruments of monetary policy.
23. Briefly explain Tobin's Q ratio.
24. Write a short essay on the theory of Keynesian demand for money.
25. What are the basic features of monetarism ?

(4×5=20)

PART – D

Answer **any two** questions. **Each** carries **10** marks.

26. Explain the basic IS-LM model.
27. Write an essay on Tobin's theory of demand for money.
28. Explain behavioural model of money supply.
29. Explain the Keynesian income determination in the four sector model. (2×10=20)