

(Pages : 3)

H – 4199

Reg. No. : .....

Name : .....

Third Semester M.A. Degree Examination, January 2020

Economics

EC 231 – MACRO ECONOMICS-I

(2013 – 17 Admissions)

Time : 3 Hours

Max. Marks : 75

SECTION – A

I. Answer **all** questions from this section. Explain **one or two** sentences.

1. Unemployment and labour market.
2. Consumption function puzzle.
3. Real balance effect.
4. Money multiplier.
5. Money supply.
6. Monetarism.
7. Balance of payment.
8. Keynes effect
9. User cost of capital
10. Psychological law of consumption

(10 × 1 = 10 Marks)

P.T.O.



SECTION – B

II. Answer any **seven** questions. **Each** should not exceed **500** words.

11. Explain financial theory of investment.
12. Briefly examine quantity theory of money.
13. How life cycle hypothesis reconciles the short run and long run consumption behaviour.
14. Explain behavioural model of money supply determination.
15. Examine Tobin's q theory of investment.
16. Write a note on neo-classical theory of investment.
17. Explain the effect of government monetary and fiscal policy within the ISLM curve model.
18. Describe the role of Balance of Payment in an open economy.
19. Explain absolute income hypothesis.
20. Explain diagrammatically the fiscal policy and crowding out effect.

(7 × 5 = 35 Marks)

SECTION – C

III. Answer any **three** questions. **Each** should not exceed **1200** words.

21. Using ISLM framework explain the effectiveness of labour market and flexible prices.



22. Compare and contrast the Permanent income hypothesis and relative income hypothesis.
23. Evaluate Mundell – Fleming model.
24. Critically examine Keynesian and Post Keynesian approach to demand for money.
25. Explain the accelerator theory of investment.

(3 × 10 = 30 Marks)

