

**1ST SEMESTER M.A. (CBCSS) REGULAR/SUPPLEMENTARY DEGREE
EXAMINATION, NOVEMBER 2022**

Economics

ECO1C02—MACRO ECONOMICS : THEORIES AND POLICIES—I
(2019 Admission onwards)

Three Hours

Maximum Weightage : 30

Part A*Answer all questions.**Each Bunch of 5 questions carries a weightage 1.*

Multiple choices :

Inducement to invest depends upon _____.

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|-----------------|------------|
| (a) Income. | (b) Price. |
| (c) Investment. | (d) None. |

2. Transitory income was propounded by _____.

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|-----------------|-------------|
| (a) Friedman. | (b) Keynes. |
| (c) Modigliani. | (d) None. |

3. Friedman theory of consumption is based on _____.

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|-----------------------|-----------------------|
| (a) Absolute income. | (b) Permanent income. |
| (c) Life time income. | (d) None. |

4. Concept of demonstration effect is related to _____.

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|---------------------------------|----------------------------------|
| (a) Relative income hypothesis. | (b) Permanent income hypothesis. |
| (c) Absolute income theory. | (d) None. |

5. GDP refers to _____.

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|------------------------------|-----------------------------|
| (a) Gross domestic product | (b) Gross national product. |
| (c) Gross disposable income. | (d) None. |

6. Income minus consumption is equal to _____.

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|-------------|-----------------|
| (a) Saving. | (b) Investment. |
| (c) MPC. | (d) None. |

Turn over

7. When income increases consumption also _____.
 (a) Increases. (b) Decreases.
 (c) Constant. (d) None.
8. Supply creates its own demand is _____.
 (a) Says law of market. (b) Classical dichotomy.
 (c) Wage price flexibility. (d) None.
9. Relation between cost of capital and rate of return is _____.
 (a) Q-ratio of investment. (b) Accelerator.
 (c) Multiplier. (d) None.
10. Permanent income hypothesis is related to :
 (a) Income. (b) Saving.
 (c) Consumption. (d) Investment.
11. Ratchet effect is related to :
 (a) Absolute income hypothesis. (b) Relative income hypothesis
 (c) Permanent income hypothesis. (d) Life cycle hypothesis.
12. Q ratio was introduced by :
 (a) Tobin. (b) Keynes.
 (c) Baumol. (d) Pattinkin.
13. Classical treated money as a _____.
 (a) Medium of exchange. (b) Store of value.
 (c) Both (a) and (b). (d) None.
14. When there is an increase in the autonomous money supply, ceteris paribus
 (a) Leftward. (b) Rightward.
 (c) No shift. (d) None.
15. An economic model is a statement of relationship among economic _____.
 (a) Variables. (b) Phenomena.
 (c) Development. (d) None of these.

(15 x 1)

Part B (Very Short Answer Questions)

Answer any five questions.

Each question carries a weightage of 1.

16. Marginal efficiency of investment.
17. High powered money.
18. Fisher effect.
19. Behavioural model of money supply.
20. Types of investment.
21. Keynesian consumption function.
22. Fiscal policy.
23. Tobins q ratio.

(5 × 1 = 5 weightage)

Part C (Short Answer Questions)

Answer any seven questions.

Each question carries a weightage of 2.

24. Endogeneous money supply model.
25. Samuelson's overlapping model.
26. Classical approach to demand for money.
27. Relative income hypothesis.
28. Determinants of investment function.
29. Keynesian approach to demand for money.
30. Derive IS-LM model.
31. Instruments of monetary policy.
32. Types of money.
33. Types of budget.

(7 × 2 = 14 weightage)

Part D (Essay Questions)

Answer any two questions.

Each question carries a weightage of 4.

34. Explain post Keynesian theories of demand for money.
35. Discuss policy effectiveness in IS-LM model.
36. Critically evaluate permanent income hypothesis.
37. Discuss three sector macro model.

(2 × 4 = 8 weightage)