



K23P 3012

Reg. No. :

Name :

**I Semester M.A. Degree (CBCSS – OBE – Regular) Examination, October 2023
(2023 Admission)**

**ECONOMICS / APPLIED ECONOMICS / DEV. ECONOMICS
MAACO01C02/MADCO01C02/ MAECO01C02 : Macro Economic Theory - I**

Time : 3 Hours

Max. Marks : 60

Answer **any five** of the following questions. (3×5=15)

1. What are the principles behind the Psychological Law of Consumption in economics ?
2. State the primary focus of the Keynesian Investment Theory.
3. What is the Random Walk Hypothesis ? What are the practical implications of the Random Walk Hypothesis for participants in financial markets ?
4. Explain key factors affecting the short-run aggregate supply.
5. Briefly explain the role of fiscal policy in economic stabilization.
6. What is high-powered money and why is it crucial in the study of the money supply ?

Answer **any three** of the following questions. (6×3=18)

1. Elucidate the concepts and implications of the Permanent Income Hypothesis.
2. Explain the key principles of the Neoclassical Theory of Business Fixed Investment.
3. Compare and contrast the Neoclassical and Keynesian perspectives on the labour market, highlighting their views on unemployment and underemployment equilibrium.

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4. Briefly explain how the accelerator and multiplier concepts interact in economic cycles.
5. Explain the Buffer Stock Notion proposed by David Laidler in the context of money demand theories.

Answer **any three** of the following questions. (9×3=27)

1. Explain the core principles of Fisher's Intertemporal Choice Model and how it influences individual decision-making regarding consumption and saving over time.
2. Discuss how the Accelerator Theory of Inventory Investment influences business operations, providing examples of its application in real-world scenarios.
3. Elaborate on the fiscal and monetary policy tools used to address fluctuations in the economy in the context of the IS-LM model and analyse their effectiveness and limitations.
4. Explain the determinants of Aggregate Supply in both the short run and the long run, emphasizing the factors that differentiate their effects on the economy.
5. Compare and contrast the Real Business Cycle Theory with Minsky's Financial Instability Theory.