



K24P 3812

Reg. No. : .....

Name : .....

I Semester M.A. Degree (C.B.C.S.S. – OBE – Reg./Supple./Imp.)

Examination, October 2024

(2023 Admission Onwards)

ECONOMICS/APPLIED ECONOMICS/DEV. ECONOMICS

MAACO01C02/MADCO01C02/MAECO01C02 : Macro Economic Theory – I

Time : 3 Hours

Max. Marks : 60

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

1. What were Keynes's three conjectures about the consumption function ?
2. Explain Tobin's q-ratio.
3. Derive the model of money supply and money multiplier.
4. Explain the pros and cons of rules and discretionary monetary policy.
5. Define the basic logic of Ricardian equivalence. How Ricardian equivalence theory perceive the role of government debt ?
6. Explain the role of expectations in economic analysis.

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

1. Describe the permanent income hypothesis. How is the permanent income measured ?
2. Bring out the major features of political business cycle theory.
3. What are the essential elements of Friedman's reformulation of quantity theory of money ? Why is Friedman's restatement of quantity theory termed as the theory of money demand ?
4. What is the Marshall-Lerner condition for a stable foreign exchange market for an unstable market ? Explain.
5. Define LM curve. Discuss the shape of LM curve in the context of liquidity trap.

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

1. Explain the accelerator theory of investment. How is this theory different from the Keynesian theory of investment ?
2. Discuss the effectiveness of fiscal and monetary policies within IS-LM framework.
3. Critically examine Hicksian business cycle theory. What modifications were made by Hicks over Samuelson's interaction model ?
4. Analyse behavioural model of money supply determination. Write down its implications.
5. Describe the instruments of monetary policy. How do they work and what are their limitations ?