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Reg. No. :

Name :

Third Semester M.A. Degree Examination, February 2024.

Economics

EC 231 : MACRO ECONOMICS - I

(2018 Admission Onwards)

Time : 3 Hours

Max. Marks : 75

PART – I

Answer **all** questions. Each question carries **1** mark.

1. Financial intermediaries
2. Adaptive expectation hypothesis
3. Fisher effect
4. Efficiency wage models
5. Asymmetric information
6. Internal and external equilibrium
7. Autonomous expenditure multiplier
8. Keynesian cross

P.T.O.



9. Macroeconomic policy
10. Random walk hypothesis

(10 × 1 = 10 Marks)

PART – II

Answer any **seven** questions. Each question carries **5** marks.

11. Define perfect capital mobility. Is there any difference in outcome when there is perfect capital mobility in a small country and a large country model?
12. What do you understand by micro economic foundations of macroeconomics?
13. Briefly explain Mechanistic model of bank deposit determination.
14. Explain the difference between expenditure changing policies and expenditure switching policies.
15. What are the essential elements of the life cycle hypothesis of consumer behaviour? Explain.
16. State and explain Friedman's quantity theory of demand for money.
17. Explain how aggregate demand is determined within the classical model and also show the effects on output and the price level of an increase in aggregate demand.
18. Within the IS-LM curve model how income and interest rate are affected by an increase in government spending and autonomous decline in investment spending.
19. Distinguish between MEC and MEI. Examine the relationship between MEC and MEI.
20. Explain modern monetary theory of Randall and Wray.

(7 × 5 = 35 Marks)



PART – III

Answer any **three** questions. Each question carries **10** marks.

21. How do you derive IS and LM curves and explain how equilibrium is reached simultaneously in the goods and money market.
22. Discuss the financial theory of investment. Explain the policy measures affecting investment.
23. What are the instruments of monetary policy? How do they work and also write down its limitations.
24. Examine Mundell Fleming model.
25. Explain Keynesian theory of income determination in three sector model.

(3 × 10 = 30 Marks)

