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Reg. No..................................

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B.A. DEGREE (C.B.C.S.S.) EXAMINATION, SEPTEMBER 2024

Sixth Semester

B.A. Economics (Model I)

Core Course—MACROECONOMIC ANALYSIS

(Prior to 2013 Admissions)

Time : Three Hours   Maximum Weight : 25

*Answers may be written **either** in English **or** in Malayalam.*

Part A (Objective Type Questions)

In bunches of four.
*Answer **all** questions.*
Each bunch carries 1 weight.

I. 1 MPS is equal to :

(a) $\dfrac{S}{Y}$.

(b) $\dfrac{\Delta S}{\Delta Y}$.

(c) $\dfrac{\Delta S}{\Delta C}$.

(d) $\dfrac{\Delta Y}{\Delta S}$.

2 Inventory theoretic model of money demand was developed by :

(a) Tobin.

(b) Friedman.

(c) Modigliani.

(d) Baumol.

3 IF MPC = 0.80, value of multiplier k =

(a) 1.

(b) 10.

(c) 100.

(d) None of these.

Turn over

4   If income increases from 100 to 200 and consumption from 20 to 80, then MPC =

    (a) 0.80.   (b) 0.60.

    (c) 8.00.   (d) 6.00.

II.   5   Absolute income hypothesis is attributed to :

    (a) Duesenberry.   (b) Fisher.

    (c) Keynes.   (d) Friedman.

6   Who wrote "A Treatise on Money" ?

    (a) Keynes.   (b) Hawtrey.

    (c) Hayek.   (d) Hansen.

7   Who developed the concept of multiplier for the first time ?

    (a) Keynes.   (b) Kahn.

    (c) Kaldor.   (d) Knight.

8   An increase in Government expenditure will shift the :

    (a) LM curve.   (b) IS curve.

    (c) Both the IS and LM curves.   (d) None of these.

III.   9   At liquidity Trap, the speculative demand for money is :

    (a) Low.   (b) Zero.

    (c) High.   (d) Infinitely elastic.

10   Who were contemporaries ?

    (a) Keynes and Smith.   (b) Keynes and Pigou.

    (c) Keynes and Malthus.   (d) Keynes and Ricardo.

11   The 45° line shows :

    (a) AS curve.   (b) AD curve.

    (c) Income curve.   (d) None of these.

12 The "General Theory" was published in the year :

    (a) 1930.   (b) 1935.

    (c) 1936.   (d) 1937.

IV. 13 Medium of exchange is ————— function of money.

    (a) Primary.   (b) Secondary.

    (c) Contingent.   (d) None of these.

14 Find out the macroeconomist from the following :

    (a) Stigler.   (b) Mankiw.

    (c) Mishan.   (d) Bain.

15 $(1-APC)$ is equal to :

    (a) MPC.   (b) MPS.

    (c) APS.   (d) None of these.

16 If income is 200 and consumption 140, then APS is :

    (a) 0.70.   (b) 0.30.

    (c) 0.79.   (d) 0.39.

$(4 \times 1 = 4)$

Part B (Short Answer Questions)

Answer any **five** *questions not exceeding* 50 *words.*
Each question carries 1 *weight.*

17 Crowding-out effect.

18 Consumption ratchet.

19 Permanent income.

20 Selective credit control policies.

21 Involuntary unemployment.

22 LM Schedule.

Turn over

23 Cost-push inflation.

24 Accelerator.

$(5 \times 1 = 5)$

Part C (Short Essays)

Answer any **four** *questions not exceeding* 50 *words.*
Each question carries 2 *weight.*

25 Explain relative income hypothesis.

26 What is money multiplier ?

27 What is contra-cyclical fiscal policy ?

28 What are the reasons for inflation ?

29 Explain Hawtrey's trade cycle model.

30 Discuss the fundamental psychological law of consumption.

$(4 \times 2 = 8)$

Part D (Long Essays)

Answer any **two** *questions not exceeding* 450 *words.*
Each question carries 4 *weight.*

31 Explain the ISLM apparatus.

32 Critically outline Phillips curve relation.

33 Outline the factors which determine the consumption function.

$(2 \times 4 = 8)$