



K22P 1511

Reg. No. :

Name :

I Semester M.A. Degree (CBSS-Reg./Sup./Imp.) Examination, October 2022
(2019 Admission Onwards)
ECONOMICS/APPLIED ECONOMICS/DEV. ECONOMICS
ECO1C02 : Macro Economic Theory – 1

Time : 3 Hours

Max. Marks : 60

PART – A

Answer **all** questions. **Each** carries ½ mark.

1. Keynesian theory of employment is applicable to
 - A) Deficiency of capital resources
 - B) Deficiency of effective demand
 - C) Chronic unemployment
 - D) Economic growth
2. Say's law will not operate under conditions of
 - A) Barter system
 - B) Money economy
 - C) Equality of saving and investment
 - D) Inflexible prices and wages
3. The operation of multiplier is adversely affected by
 - A) Involuntary unemployment
 - B) Industrial economy
 - C) Imports
 - D) Elastic supply of capital and other factors
4. Life cycle hypothesis shows
 - A) Non-proportional relationship between consumption and income in the long run
 - B) Proportional relationship between consumption and income in the short run
 - C) Proportional relationship between consumption and income in the long run but non-proportional relationship in the short run
 - D) Proportional relationship both in the long run and short run

P.T.O.



15. What is liquidity trap ?
16. Write a note on Pigou effect.
17. What is high powered money ?
18. Distinguish between active cash balance and passive cash balance.
19. Write a note on monetarism.

(8×2=16)

PART – C

Answer **any four** questions. **Each** carries **five** marks.

20. Briefly explain the working of investment multiplier.
21. Explain Keynes' views on money wages and employment.
22. Examine the accelerator theory of investment.
23. Explain the Relative Income Hypothesis.
24. Briefly explain the measure to control money supply.
25. Explain Baumol's theory of demand for money.

(4×5=20)

PART – D

Answer **any two** questions. **Each** carries **ten** marks.

26. Evaluate the working of the foreign trade multiplier.
27. With a suitable diagram explain the general equilibrium analysis.
28. Critically analyse the Permanent Income Hypothesis.
29. What is money multiplier ? Derive the equation of the money multiplier. (2×10=20)