

**QP CODE**

**Enrollment Number: .....**

**M2019**

**Name: .....**

**MA DEGREE EXAMINATIONS, OCTOBER 2025**

**First Semester**

**M.A. Economics**

**M23EC02DC – Macroeconomics I**

**(Supplementary/Improvement)**

**(2023 July admissions)**

**Time: 3 Hours**

**Max Marks: 70**

**Section A**

**Answer any ten of the following questions in a word or sentence each. Each question carries 1 mark.**

1. What is the transaction motive for demand for money?
2. Describe monetary policy.
3. What is fixed exchange rate system?
4. Define marginal propensity to consume.
5. Describe Keynes' psychological law of consumption.
6. What is inflation?
7. What do you mean by outside money?
8. Fisher's equation of exchange.
9. What is average propensity to save?
10. State precautionary motive for demand for money.
11. Explain marginal productivity of labour.
12. Write any two measures for controlling inflation.
13. Who proposed the concept of permanent income hypothesis?
14. Write any two instruments of monetary policy.
15. State Say's law of market.

**(1X10=10)**

**Section B**

**Answer any five of the following questions in two or three sentences each. Each question carries 2 marks.**

16. Define stagflation.
17. What are the assumptions of classical theory of employment?
18. State the principle of effective demand.
19. Define marginal efficiency of capital.

20. Define money multiplier.
21. What is repo rate?
22. Write a note on 2008 Subprime crisis.
23. Define NAIRU.
24. What is Tobin's Q ratio?
25. Define demonstration effect.

**(2X5=10)**

### **Section C**

**Answer any five of the following questions in a paragraph each. Each question carries 4 marks.**

26. Critically examine the life cycle hypothesis.
27. Explain liquidity trap with the help of a suitable diagram.
28. How does Keynes effect describe the restoration of full employment in the economy?
29. Explain money supply. What are the constituents of money supply?
30. Give a brief description of the monetary measures to control inflation.
31. Briefly explain the ISLM model.
32. What are the determinants of investment demand?
33. Differentiate Short run and long run Philip's curve.

**(4X5=20)**

### **Section D**

**Answer any three of the following questions in two pages each. Each question carries 10 marks.**

34. Critically evaluate the accelerator theory of investment.
35. Explain the cash transaction and cash balance approaches to classical quantity theory of money.
36. Explain Friedman's restatement of the quantity theory of money.
37. Elucidate the monetarist theory of inflation.
38. Explain the DMP model.
39. Explain the classical model of employment and output determination.

**(10X3=30)**