FIFTH SEMESTER BA DEGREE EXAMINATION, NOVEMBER 2023

(Regular/Improvement/Supplementary)

ECONOMICS

GECO5B07T: MACRO ECONOMICS I

Time: 2 ½ Hours   **Maximum Marks: 80**

SECTION A: Answer the following questions. Each carries *two* marks.

(Ceiling 25 Marks)

1. Differentiate between autonomous and induced consumption.
2. Define balanced budget multiplier.
3. Define Fisher's equation of exchange.
4. What is meant by money illusion?
5. Define Keynesian cross.
6. Define marginal propensity to consume.
7. Differentiate between real and nominal flow.
8. State time preference theory of interest.
9. Define Effective demand.
10. What is meant by high-powered money?
11. Define liquidity trap.
12. What is meant by sticky prices?
13. Differentiate between fiscal and monetary policy.
14. What is meant by a macroeconomic model?
15. Define wage price flexibility.

SECTION B: Answer the following questions. Each carries *five* marks.

(Ceiling 35 Marks)

16. Explain the components of aggregate demand.
17. Write a note on the relationship between bond prices and interest rate.
18. What is government expenditure multiplier?
19. Write a note on the classical response to great depression.
20. What is money multiplier?
21. Differentiate between cash balance and cash transactions approach to the quantity theory of money.
22. Illustrate a three-sector circular flow of income and output.
23. Differentiate between inflationary and deflationary gap.

SECTION C: Answer any *two* questions. Each carries *ten* marks.

24. Elaborate the liquidity preference theory of money.
25. Explain the quantity theory of money.
26. Discuss the various methods of measuring national income.
27. Illustrate the Keynesian model of output determination.

(2 × 10 = 20 Marks)