

FIFTH SEMESTER BA DEGREE EXAMINATION, NOVEMBER 2025**(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. 'The demand for labour is a decreasing function of the real wage'. Comment.
2. What do you mean by legal tender money?
3. What is balanced budget multiplier?
4. Define Say's law of market.
5. Give the meaning of aggregate supply.
6. State Keynesian psychological law of consumption.
7. Distinguish between MEC and MEI.
8. What is the sticky wage theory?
9. Give two examples of macro-economic models.
10. Briefly mention the factors which affect human welfare and not included in the GNP estimates
11. How can the problem of double counting be avoided?
12. Elucidate the idea of money illusion.
13. Explain the concept deflationary gap.
14. Define monetary base.
15. What is H theory of money supply?

SECTION B: Answer the following questions. Each carries *five* marks.**(Ceiling 35 marks)**

16. Explain various measures of money supply in India.
17. 'Classical theory of aggregate demand is an implicit theory of demand'-Explain.
18. Explain with the help of a diagram using 'Saving – Investment' approach, the determination of equilibrium output and income level in an economy.
19. Discuss the difficulties encountered while calculating national income using income method.
20. What are the basic assumptions of the Classical theory of employment?
21. How can we understand fiscal policy using Keynesian cross model?
22. Compare the terms 'macro statics' and 'comparative statics'.
23. Explain in detail Friedman's restatement of quantity theory of money.

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

24. Explain the circular flow of income in an economy including foreign sector using diagram to illustrate the flow.
25. 'Quantity theory of money is a theory of price level determination' – explain.
26. What do you mean by investment multiplier? Point out the relation between MPC and investment multiplier.
27. Briefly explain the Liquidity Preference theory of demand for money.

(2 x 10 = 20 Marks)