B. A. DEGREE END SEMESTER EXAMINATION - OCTOBER 2025
SEMESTER 5 : ECONOMICS
COURSE : **19U5CRECO8 : MACROECONOMIC ANALYSIS**
(For Regular 2023 Admission and Supplementary 2022/ 2021/ 2020 / 2019 Admissions)

Time : Three Hours   Max. Marks: 75

PART A
Answer All (1 mark each)

1. What is Absolute income hypothesis?
2. What is natural rate of unemployment?
3. What is credit rationing?
4. Identify the components of M4
5. How do firms decide whether to invest using the Net Present Value (NPV) method?
6. What is crowding out effect?
7. What is rational expectation?
8. Why Keynes gave more importance to fiscal policy than monetary policy?
9. Define monetary policy.
10. What is speculative demand for money?

(1 x 10 = 10)

PART B
Answer any 8 (2 marks each)

11. Identify the causes of frictional unemployment.
12. What is Net Present Value?
13. Explain Quantitative measures of monetary policy.
14. What is the role of MEC and multiplier in Keynes' Theory of Investment?
15. What is the role of money in the short run in monetarism?
16. Write a short note on Laffer Curve.
17. What are the lessons from Luca's critique?
18. What is the relationship between MPC and APC?
19. What are the features of long run philips curve.
20. Graphically explain Speculative demand for money.

(2 x 8 = 16)

PART C
Answer any 5 (5 marks each)

21. Compare between Rule and Discretion as policy measure in times of recession.
22. Explain the Keynesian liquidity preference theory.
23. Explain the quantity theory of money.
24. What are the different types of budgetary policies?
25. Explain how nominal income is determined in the approach of Friedman.
26. Compare the permanent income and relative income hypotheses in explaining long-term consumption trends.
27. Explain the Tobin's q theory of investment.

(5 x 5 = 25)

PART D
Answer any 2 (12 marks each)

28. Suggest policy measures to control trade cycles.

29. Identify the factors responsible for stagflation.

30. Outline the major developments in macro economic thought in the post Keynesian era.

31. Critically evaluate long run consumption theories.

(12 x 2 = 24)