

SHIVAJI COLLEGE

Department of Business Economics

Internal assessment

Macroeconomics

total marks - 12

date- 17 april 2024

time- 1 hour

Guidelines

1. attempt any two questions.
2. each question carries 6 marks .

Question 1. explain the Life cycle theory in brief and compare it with the Keynesian theory of consumption.

Question 2. what does the fisher's commented on the consumption behaviour. derive the inter-temporal budget constraint and explain how the consumer is going to take the decision regarding consumption in inter-temporal case.

Question 3. (a) what do you mean by rational expectations?

(b) Explain why changes in consumption are unpredictable if consumers obey the permanent income hypothesis and have rational expectations.

