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(Pages: 3)

Name:

Reg. No:

FIRST SEMESTER M.A. DEGREE EXAMINATION, NOVEMBER 2022

(CBCSS - PG)

(Regular/Supplementary/Improvement)

CC19P ECO1 C02 - MACROECONOMICS: THEORIES AND POLICIES - I

(Economics)

(2019 Admission onwards)

Time: Three Hours

Maximum: 30 Weightage

Part A

Answer *all* questions. Each question carries 1/5 weightage.

1. According to Absolute Income Hypothesis real consumption is a _____ function of real _____ Income
 - (a) Stable, disposable
 - (b) Unstable, Total
 - (c) Constant, transitory
 - (d) Stable, permanent
2. When there is a high interest rate, people prefer to hold _____
 - (a) Elastic
 - (b) Inelastic
 - (c) Both bond and money
 - (d) None of the above
3. According to Tobin, people hold their wealth as _____
 - (a) Bond
 - (b) Money
 - (c) Both bond and money
 - (d) None of the above
4. An increase in aggregate demand is more likely to lead to demand pull inflation if,
 - (a) AS is relatively elastic
 - (b) AS is perfectly elastic
 - (c) AS is perfectly inelastic
 - (d) AS is unit elastic
5. Phillips's research looked at British data on
 - (a) Unemployment and inflation
 - (b) Unemployment and nonminal wage growth
 - (c) Inflation and nonminal wage growth
 - (d) Unemployment and output
6. Less demand in the economy may increase unemployment; this may lead to less spending which may reduce demand further. This process is called
 - (a) Downward multiplier
 - (b) Upward multiplier
 - (c) Upward MPS
 - (d) None of the above

7. The real business cycle theory is emphasizing more on
 (a) Technological shocks (b) Rise in the price of raw materials
 (c) Changes in tax rate (d) Changes in bank rate
8. If any unemployment exists during expansion phase of business cycle, it is _____ un
 employment.
 (a) Voluntary and frictional (b) Technological and structural
 (c) Frictional and structural (d) Structural and involuntary
9. There is end of pessimism and the beginning of optimism at
 (a) Expansion (b) Peak (c) Trough (d) Depression
10. Completely ineffective fiscal policy refers to
 (a) Horizontal IS curve (b) Horizontal LM curve
 (c) Vertical IS curve (d) Vertical LM curve
11. A reduction in tax rate will
 (a) IS curve shift up to the right (b) IS curve shift down to the left
 (c) LM curve shift up to the left (d) LM curve shift down to the right
12. If the money supply were increased
 (a) IS curve shift up to the right (b) IS curve shift down to the left
 (c) LM curve shift up to the left (d) LM curve shift down to the right
13. When tax increases disposable income will?
 (a) Decrease (b) Increase (c) Remains same (d) No effect
14. Which among the following economists are associated with the concept of accelerator?
 (a) JM Clark (b) Hicks (c) Samuelson (d) None of the above
15. Which among the following marked the collapse of the Classical economics
 (a) Supply side (b) The Great Depression
 (c) Philip's curve (d) Liquidity trap

(15 × 1/5 = 3 Weightage)

Part B (Very Short Answer Questions)Answer any *five* questions. Each question carries 1 weightage.

16. Explain Inter Temporal Indifference Curve.
17. Examine demonstration effect.
18. Explain Okun's Law.
19. Examine the effect of monetary policy in Neoclassical versions of ISLM model.
20. Explain the objectives of macroeconomic policy.

(2)

21. Explain the policy conducted by discretion.
22. Deduce the time inconsistency of policy based on discretion.
23. Examine the Taylor rule.

(5 × 1 = 5 Weightage)

Part C (Short Answer Questions)Answer any *seven* questions. Each question carries 2 weightage.

24. Examine Neo-classical theory of investment.
25. Justify flexible acceleration model of Koyck.
26. Write a note on the Endogenous money supply models.
27. Deduce the Structuralist theory of inflation.
28. Write a note on Innovation Theory of Schumpeter.
29. Examine Hicks theory of business cycle.
30. Examine the simple IS-LM model.
31. Explain the relative effectiveness of monetary and fiscal policies using IS and LM functions.
32. Explain the neo-classical synthesis using IS and LM function.
33. Justify Ricardian Equivalence.

(7 × 2 = 14 Weightage)

Part D (Essay questions)Answer any *two* questions. Each question carries 4 weightage.

34. Deduce the interest elasticity of the transactions demand for money in light of Post Keynesian approaches.
35. Write an essay on Modified Phillips curve.
36. Critically examine the Real Business Cycle Theory.
37. Examine the Keynesian version of ISLM analysis.

(2 × 4 = 8 Weightage)

(3)