FIRST SEMESTER M.A. DEGREE EXAMINATION, NOVEMBER 2018
(Regular/Supplementary/Improvement)
(CUCSS-PG)
CC15P ECO1 C02 – MACRO ECONOMICS: THEORIES AND POLICIES - I
(Economics)
(2015 Admission onwards)

Time: Three Hours   Maximum: 36 Weightage

Part A
Answer *all* questions. Each question carries ¼ weightage.

1. Precautionary demand for money depends on:

   a) Income   b) Wealth   c) Interest rate   d) CRR

2. IS-LM model was originally developed by;

   a) J M Keynes   b) J B Say   c) J R Hicks   d) Fisher

3. The relationship between the price of bonds and rate of interest is:

   a) Direct   b) Proportional   c) Inverse   d) None of these

4. Demonstration effect is related to:

   a) Keynes   b) Friedman   c) Duesenberry   d) Modigliani

5. According to Keynes, consumption is a function of:

   a) Total Income   b) Relative Income

   c) Absolute Income   d) Permanent Income

6. At liquidity trap region, which policy is ineffective?

   a) Monetary   b) Fiscal   c) Both a & b   d) None of these

7. Equation of exchange is associated with;

   a) Pigou   b) J B Say   c) Marshall   d) Irving Fisher

8. The broad definition of money supply is denoted by:

   a) M1   b) M3   c) M4   d) M2

9. Which of the following relates investment and financial variables?

   a) Accelerator Principle   b) Neo classical Theory

   c) Tobin's q ratio   d) None of these

10. Money Supply is:

   a) Directly related to Price level   b) Directly related to value of money

   c) Inversely related to Price level   d) None of these

11. The goods market is in equilibrium when aggregate demand is equal to:

   a) Income   b) Saving   c) Aggregate Supply   d) Investment

12. The variable which leads to crowding out:

a) Income   b) Money supply   c) Interest   d) None

(12 x ¼ = 3 Weightage)

Part B
Answer any *five* questions. Each question carries 1 weightage.

13. Explain keynes Effect.

14. What is H Theory of Money supply?

15. Explain Absolute Income Hypothesis.

16. What is Patinkin's Real Balance Effect?

17. What is say's identity?

18. What is Fisher Effect?

19. Explain Tobin's q-ratio.

20. Explain Goods and Money Market Equilibrium.   **(5 x 1 = 5 Weightage)**

Part C
Answer any *eight* questions. Each question carries 2 weightage.

21. Explain Accelerator theory of Investment.

22. Explain Arrow-Debreu Model.

23. What is Rules v/s Discretion?

24. Discuss Fisher's Inter-temporal Choice Model of Consumption.

25. Explain Fiscal policy and crowding out.

26. Explain Permanent Income Hypothesis.

27. Explain Samuelson's Overlapping Generations Model.

28. Discuss the Neo Classical theory of Investment.

29. What are the factors makes shift in the IS and LM Schedule?

30. Explain Fisher's Quantity theory of Money.

31. Explain Taylor Rule.   **(8 x 2 = 16 Weightage)**

Part D
Answer any *three* questions. Each question carries 4 weightage.

32. Explain Friedman's Restatement of the Quantity theory of Money.

33. Explain Life Cycle Income Hypothesis.

34. Discuss Inventory-Theoretic Approach to transaction demand for money.

35. Discuss the relative effectiveness of fiscal and monetary policies using IS-LM framework.

36. Explain Liquidity Preference theory of demand for money.

(3 x 4 = 12 Weightage)

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