19P126A (Pages: 2) Name: ……….……………

Reg. No……….………....

FIRST SEMESTER M.A. DEGREE EXAMINATION, NOVEMBER 2019
(Supplementary/Improvement)

(CUCSS-PG)

CC15P ECO1 C02 - MACROECONOMICS: THEORIES AND POLICIES I
(Economics)

(2015 to 2018 Admissions)

Time: Three Hours   Maximum: 36 Weightage

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

1. Portfolio Balance theory was developed by

   (a) Baumol   (b) Hawtrey   (c) Walras   (d) Tobin

2. The concept of money illusion was introduced by

   (a) Keynes   (b) Fisher   (c) Samuelson   (d) Walras

3. Consumption puzzle was introduced by

   (a) John Muth   (b) Nerlov   (c) Kuznet   (d) Tobin

4. The accelerator measures the relationship between

   (a) Income and consumption   (b) Saving and investment

   (c) Consumption and investment   (d) Income and investment

5. The curve showing the equilibrium in the money market

   (a) IS   (b) LM   (c) BP   (d) None

6. According to Keynessians, investment and rate of interest is said to be

   (a) Negatively related (b) Positively related (c) Constant   (d) None of the above

7. Pigou effect was put forward by

   (a) Don Patinkin   (b) A C Pigou   (c) Milton Friedman   (d) Gregory Mankiw

8. Monetary Policy according to the rules was supported by

   (a) Keynessians   (b) Monetarists   (c) New classical   (d) Neo classicals

9. Which of the following is not an anti-inflationary measure?

   (a) Increase in bank rate   (b) Higher CRR

   (c) Credit rationing   (d) Increase in public expenditure

10. Keynesian ISLM model is characterized by

    (a) Price rigidity   (b) Price flexibility

    (c) Both price rigidity and flexibility   (d) None of these

11. The concept of Taylor rule was introduced by

    (a) Mankiw   (b) Tobin   (c) Taylor   (d) Paul Samuelson

12. Overlapping generation model was introduced by

    (a) Samuelson   (b) Keynes   (c) Kalecki   (d) Irving Fisher

(12 x ¼ = 3 Weightage)

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

13. Define classical dichotomy .

14. What is Say's equality?

15. What is meant by Kuznet Puzzle?

16. Distinguish between Keynessian and Neoclassical version of ISLM model.

17. What is meant by Taylor rule?

18. Explain the concept of money illusion.

19. Explain crowding out effect.

20. What is absolute income hypothesis?

(5 x 1 = 5 Weightage)

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

21. Briefly explain Permanent Income Hypothesis.

22. Explain Overlapping Generation Model.

23. Explain Baumol's Inventory aproach.

24. Explain Tobin's Q ratio.

25. Explain inflation targetting.

26. Examine three sector ISLM model.

27. Examine Arrow Debrew model.

28. Explain Patinkin's real balance effect.

29. Distinguish between Keynes effect and Pigou effect ?

30. Explain Rules V/S Descretion?

31. Explain accelerator theory of investment.

(8 x 2 = 16 Weightage)

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

32. Explain LCH and RCH

33. Explain endogenous money supply models.

34. Explain the relative effectiveness of monetary and fiscal policy using ISLM framework.

35. Examine Freidman's restatement of quantity theory.

36. Explain Walras Law.

(3 x 4 = 12 Weightage)

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