20P126 (Pages: 3) Name: ……………………

Reg. No………..…………

FIRST SEMESTER M.A. DEGREE EXAMINATION, NOVEMBER 2020

(CUCSS-PG)

(Regular/Supplementary/Improvement)

CC19P ECO1 C02 – MACRO ECONOMICS: 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.

Multiple choice questions:

1. The endogenous variable in a neo-classical ISLM model is

   a) Price level b) Output c) Investment d) None of these

2. Fisher effect is the relationship between

   a) Nominal rate of interest and inflation b) Real rate of interest and inflation

   c) Income and unemployment d) None of these

3. If MPC is 0.2, the value of investment multiplier will be

   a) 5 b) 10 c) 1.25 d) 8

4. The practice of using fiscal and monetary policy to stabilize the economy is known as

   a) Keynesian orthodoxy b) Fine tuning

   c) Monetarism d) Income policy

5. The interaction of multiplier and accelerator is known as

   a) Foreign trade multiplier b) Balanced multiplier

   c) Super multiplier d) None of these

6. High powered money is composed of

   a) C+DD b) C+R c) C+TD d) None of these

7. According to Baumol's inventory approach, transaction demand for money is

   a) Interest elastic b) Interest inelastic c) Income inelastic d) None of these

8. According to Keynesian labour market real wage rate is

   a) Downward flexible b) Upward rigid

   c) Downward rigid d) None of these

9. Accelerator theory isdeveloped by

   a) J.M Keynes b) J. B. Clark c) Fisher d) J. M. Clark

10. Absolute income hypothesis was propagated by

    a) Keynes b) Samuelsson c) Duesenberry d) None of these

 Turn Over

11. The value of balanced budget multiplier is

a) Zero b) Two c) One d) Less than one

12. Innovation theory of business cycle is related to

a) Hawtrey b) Schumpeter c) Duesenberry d) None of these

13. Fiscal policy will be more effective, if

a) More interest elastic the demand for money

b) Less interest elastic the demand for money

c) Both (a) & (b)

d) None of these

14. The variable which leads to crowding out

a) Rate of interest b) Income c) Investment d) None of these

15. The theory of rational expectation was introduced by

a) Keynes b) John Muth c) Robert Lucas d) None of these

(15 x 1/5 = 3 Weightage)

Part B (Very Short Answer Questions)

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

16. MEC
17. Fisher effect.
18. High powered money
19. Tobins Q ratio
20. Crowding out
21. Philip's curve
22. Monetary policy
23. Kuznet's consumption puzzle

(5 x 1 = 5 Weightage)

Part C (Short Answer Questions)

Answer any ***seven*** questions. Each question carries 2 weightage.

24. Explain RBI definition of money supply.
25. Explain the theory of Ricardian Equivalence.
26. Examine the monetary theory of trade cycle.
27. Explain endogenous money supply model.
28. Explain Neo-classical theory of investment.

29. Examine the inflation unemployment trade off and its modification.
30. Explain the Real business cycle theory.
31. Examine the relative effectiveness of monetary and fiscal policies in an ISLM framework.
32. Explain the Money multiplier process
33. Critically examine the Classical approach to demand for money

(7 x 2 = 14 Weightage)

Part D (Essay questions)

Answer any ***two*** questions. Each question carries 4 weightage.

34. 'The Post-Keynesian approaches to demand for money are the extension and modification of Keynesian approaches to demand for money'.Commend.
35. Critically examine the alternative hypotheses to the consumption function.
36. Examine the Keynesian and Neoclassical versions of the three sector macro models.
37. Explain the effectiveness of various Macroeconomic policies.

(2 x 4 = 8 Weightage)

****