

21P126

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Name:

Reg. No:

FIRST SEMESTER M.A. DEGREE EXAMINATION, NOVEMBER 2021

(CBCSS-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 weightage.

Multiple choice questions:

1. The RBI is empowered to vary the CRR between:
(a) 2 % and 16% (b) 3% and 15% (c) 5% and 25% (d) none of these
2. Which of the following types of inflation is also known as the hopping inflation?
(a) Galloping inflation (b) Creeping inflation
(c) Hyperinflation (d) None of these
3. The difference between gross investment and net investment is;
(a) Depreciation (b) acceleration (c) Deceleration (d) Capital Investment
4. Which of these is NOT a monetary policy tool?
(a) Discount Rate (b) Open Market Operations
(c) Balance Accounts (d) Reserve Requirements
5. LAF stands for:
(a) Liquidity Adjustment Facility (b) Liquidity Adjustment Finance
(c) Lending Adjustment Facility (d) None of these
6. Slope of IS curve is -----
(a) Positive (b) Negative (c) Zero (d) None of these
7. According to absolute income hypothesis, families with high income have ----- MPC;
(a) High (b) Medium (c) Low (d) Very high
8. The accelerator assumes;
(a) The marginal propensity to consume is constant
(b) The economy is at full employment
(c) The multiplier is constant
(d) There is a constant relationship between net investment and the rate of change of output

9. Demonstration effect given by -----
 (a) Friedman (b) Duesenberry (c) Ando – Modigliani (d) Robinson
10. Which of the following measure is adopted to reduce inflation?
 (a) Reduction in bank rate (b) Reduction in Repo rate
 (c) Increase in government expenditure (d) Cuts in government spending
11. An outward shift in the Marginal Efficiency of Capital should;
 (a) Decrease consumption (b) Increase aggregate demand
 (c) Reduce aggregate supply (d) Slow economic growth
12. AD slopes ----- in IS - LM Model;
 (a) Upward (b) Downward (c) Horizontal (d) None of these
13. The Phillips curve illustrates the relationship between;
 (a) Inflation and nominal GDP (b) inflation & Rate of interest
 (c) Unemployment rate & real GDP (d) Inflation and Unemployment rate
14. Peaks and troughs of the business cycle are known collectively as;
 (a) Volatility (b) turning points
 (c) Equilibrium points (d) real business cycle events.
15. Liquidity trap occurs because of -----
 (a) Lack of expectation (b) Pessimism
 (c) Optimism (d) None of the above

(15 × 1/5 = 3 Weightage)

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

16. Write a short note on NAIRU
17. How Duesenberry's Demonstration effect influences the consumption habit of the people?
18. Define Accelerator theory of Investment
19. What is Taylor rule?
20. Mention the major effects of business cycles on UDC's
21. Describe Tobin's q-ratio.
22. What is the relevance of monetary policies in IS and LM curve?
23. What do you mean by trade-off between unemployment and inflation?

(5 × 1 = 5 Weightage)

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

24. Compare the traditional Phillip's curve with modified Phillip's curve
25. Critically examine fisher's inter temporal choice model?
26. Explain IS-LM general equilibrium using diagrams?
27. What is the superiority of Cash balance approach over cash transactions approach of quantity theory of money?
28. Explain Schumpeter's theory of innovations
29. Critically evaluate Keynes's liquidity preference theory?
30. Analyse the issues of central bank autonomy?
31. Discuss engogeneous money supply models.
32. Compare Friedman's monetarist theory of inflation and Keynes's demand pull inflation.
33. Explain Baumol's Inventory theory? How it is superior over classical theory?

(7 × 2 = 14 Weightage)

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

34. Compare the importance of rational expectations with Adaptive expectations in determining Phillip's curve.
35. Discuss critically Hicks's and Samuelson's model of trade cycles
36. Explain three sector neo classical and Keynesian ISLM model of equilibrium
37. Compare and discuss lifecycle and relative income hypothesis?

(2 × 4 = 8 Weightage)
