

17P131

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Name:

Reg. No.....

FIRST SEMESTER M.A. DEGREE EXAMINATION, DECEMBER 2017

(Regular/Supplementary/Improvement)

(CUCSS-PG)

CC15PECO1 C02 – MACRO ECONOMICS: THEORIES AND POLICIES-I

(Economics)

(2015 Admission Onwards)

Time: Three Hours

Maximum: 36 Weightage

PART A

(Objective Type Questions)

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

1. The concept of flexible accelerator was introduced by
a) Keynes b) Neoclassical c) New Keynesians d) None
2. Transaction demand for money on
a) Income b) Interest rate c) Wealth d) None
3. Kuznets found that in the long run APC is
a) declining b) constant c) increasing d) None
4. The process of fixing the relative price in the walrasian system is
a) Keynes effect b) Pison effect c) Tatonment d) None
5. LM curve shifts rightwards when:
a) MS/P increases b) MS/P decreases
c) Govt. expenditure increases d) None
6. For a consumption $C = 100 + 0.6Y$ what would be the additional income generation for investment worth 400 million
a) 1250 b) 500 c) 800 d) None
7. Overlapping generation model was introduced by
a) Clower b) Duesenberry c) Samuelson d) All the above
8. The Absolute income hypothesis was developed by
a) Keynes b) Arthur smithies c) Friedman d) None
9. The quantity theory conveys that in the long run additional money supply leads to
a) Recession b) Stagflation c) Inflation d) None
10. The following is a General Equilibrium approach:
a) Keynes one sector model b) Walrasian system
c) IS-LM d) All the above
11. The One to One relationship between inflation and nominal rate of interest is
a) Tayler rule b) Fisher effect c) keynes effect d) none

12. In the neoclassical IS-LM approach, price level is:

- a) Unity b) Exogenous c) Endogenous d) None

(12 x ¼ = 3 weightage)

PART B

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

13. Explain Say's identity
14. State and explain Walrasian Law.
15. Explain inside and outside lags
16. Brief Taylor rule
17. State and explain Keynes one sector model.
18. Distinguish between target variable and instrument variable.
19. What is classical dichotomy?.
20. Explain the concept money illusion?

(5 x 1 = 5 weightage)

PART C

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

21. Explain Say's Law of market and its Implications.
22. Bring out the inconsistency between Say's Law and quantity theory.
23. Explain Samuelson's overlapping generation model.
24. Elucidate endogenous money supply model.
25. What is crowding out and fiscal policy?
26. Explain Rules Vs discretion.
27. Explain Tobins q ratio.
28. Explain the implications of Keynesian neoclassical synthesis?
29. Explain H theory of money supply?
30. Explain Kuznet consumption puzzle.
31. Analyse bank multiplier theory.

(8 x 2 = 16 weightage)

PART D

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

32. Explain Accelerator theory of investment with simple and flexible versions?
33. State and explain Baumol's inventory approach to transaction demand for money.
34. Explain walrasian general equilibrium approach?
35. Explain Franco Modigliani's life cycle hypothesis with its policy implications.
36. Analyse monetary and fiscal policy by using Is-Lm framework.

(3 x 4 = 12 weightage)
