

FIRST SEMESTER M.A. DEGREE EXAMINATION, NOVEMBER 2018

(CUCSS—PG)

Economics

ECO 1C 02—MACRO ECONOMICS : THEORIES AND POLICIES—I

(2015 Syllabus Year)

Time : Three Hours

Maximum : 36 Weightage

Part A (Multiple Choice Questions)*Answer all questions.**Each question carries $\frac{1}{4}$ weightage.*

1. Inducement to invest depends upon _____.
 - (a) Income.
 - (b) Price.
 - (c) Investment.
 - (d) None.
2. Transitory income was propounded by _____.
 - (a) Friedman.
 - (b) Keynes.
 - (c) Modigliani.
 - (d) None.
3. Friedman theory of consumption is based on _____.
 - (a) Absolute income.
 - (b) Permanent income.
 - (c) Life time income.
 - (d) None.
4. Concept of demonstration effect is related to _____.
 - (a) Relative income hypothesis.
 - (b) Permanent income hypothesis.
 - (c) Absolute income theory.
 - (d) None.
5. GDP refers to _____.
 - (a) Gross domestic product.
 - (b) Gross national product.
 - (c) Gross disposable income.
 - (d) None.
6. Income minus consumption is equal to _____.
 - (a) Saving.
 - (b) Investment.
 - (c) MPC.
 - (d) None.

7. When income increases consumption also _____.
- (a) Increases. (b) Decreases.
(c) Constant. (d) None.
8. Supply creates its own demand is _____.
- (a) Says law of market. (b) Classical dichotomy.
(c) Wage price flexibility. (d) None.
9. Relation between cost of capital and rate of return is :
- (a) Q-ratio of investment. (b) Accelerator.
(c) Multiplier. (d) None.
10. Classical treated money as a _____.
- (a) Medium of exchange. (b) Store of value.
(c) Both (A) and (B). (d) None.
11. When there is an increase in the autonomous money supply, ceteris paribus, LM shifts :
- (a) Leftward. (b) Rightward.
(c) No shift. (d) None.
12. An Economic model is a statement of relationship among economic _____.
- (a) Variables. (b) Phenomena.
(c) Development. (d) None of these.

(12 × ¼ = 3 weightage)

Part B (Very Short Answer Questions)

Answer any five questions.

Each question carries 1 weightage.

13. Walrasian system.
14. High powered money.
15. Fisher effect.
16. Behavioural model of money supply.
17. Types of investment.
18. Keynesian consumption function.
19. Fiscal policy.
20. Tobins q ratio.

(5 × 1 = 5 weight)

Part C (Short Answer Questions)

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

21. Endogeneous money supply model.
22. Samuelson's overlapping model.
23. Classical approach to demand for money.
24. Relative income hypothesis.
25. Determinants of investment function.
26. Keynesian approach to demand for money.
27. Derive IS-LM model.
28. Instruments of monetary policy.
29. Types of money.
30. One sector neoclassical model.
31. Types of budget.

(8 × 2 = 16 weightage)

Part D (Essay Questions)

*Answer any four questions.
Each question carries 3 weightage.*

32. Explain post Keynesian theories of demand for money.
33. Discuss policy effectiveness in IS-LM model.
34. Critically evaluate permanent income hypothesis.
35. Discuss three sector macro model.
36. Critically evaluate accelerator theory of investment.

(4 × 3 = 12 weightage)