

Reg. No

Name

M. A. DEGREE END SEMESTER EXAMINATION - OCTOBER 2019**SEMESTER 1 : ECONOMICS****COURSE : 16P1ECOT02 : MACROECONOMIC THEORY AND POLICY***(For Regular - 2019 Admission and Supplementary - 2016/2017/2018 Admissions)*

Time : Three Hours

Max. Marks: 75

Section A**Write a note on any 8 (2 marks each)**

1. Flexible exchange rate
2. Stock of wealth.
3. Goods Market
4. Classical Range
5. Long term expected income
6. Transitory income
7. Lifetime income
8. Discounting
9. Net investment
10. Rental price of a capital asset
11. Secular stagnation.
12. Ex-ante investment

(2 x 8 = 16)

Section B**Answer any 7 (5 marks each)**

13. Distinguish between Pigou effect and Keynes effect?
14. Write a note on Keynesian theory of income determination in a three sector economy?
15. Briefly discuss the Mundell Fleming model under flexible exchange rate system?
16. Give a brief criticism of Keynes' absolute income hypothesis.
17. What is the permanent income according to Friedman?
18. Write a note on DMP model
19. Discuss the determinants of desired capital stock.
20. Briefly discuss the different phases of a trade cycle?
21. Explain the monetary theory of trade cycle?
22. Write a note on the Global recession of 2008-12.

(5 x 7 = 35)

Section C
Answer any 2 (12 marks each)

23. Using diagrams explain the IS – LM model including government sector?
24. The basic principle of absolute income hypothesis is that the individual consumer will determine the fraction of his current income that he will allocate to consumption on the basis of his absolute income level' Comment.
25. Write a note on Theories of investment.
26. Briefly discuss the important differences between Hicksian theory of trade cycle and Kaldors theory of trade cycle?

(12 x 2 = 24)