Reg. No..   Name...

M. A. DEGREE END SEMESTER EXAMINATION - NOVEMBER 2016

SEMESTER – 1: ECONOMICS
COURSE: 16P1ECOT02 –: MACROECONOMIC THEORY AND POLICY

Time: Three Hours   Max. Marks: 75

PART A

Answer **any *eight*** in three to four sentences. Each question carries 2 marks.

1. Secular stagnation hypothesis
2. Crowding out effect
3. Fiscal policy multiplier
4. Recardian Equivalence
5. Modern Approach to consumption
6. Consumption puzzle
7. Keynes effect
8. Inter temporal choice
9. Keynesian unemployment
10. Tobin's Q-ratio
11. Pigou Effect
12. The DMP Model   (2 x 8 = 16)

PART B (Short Essays)

Answer **any *seven***, not exceeding two pages each; each question carries 5 marks.

13. Discuss the nature and scope of macro economics
14. Critically evaluate the classical theory of employment and output determination
15. Analyse the ISLM model with Govt. sector in Keynesian and classical framework
16. Derive and compare LM Curve on interest elastic and inelastic demand for money
17. Describe the Life cycle hypothesis
18. What are the determinants of investment according to Keynes
19. Critically examine the accelerator theory of investment
20. Illustrate the various phases of trade cycle
21. Explain the Political Business Cycle theory?
22. Discuss the Real Balance Effect

(5 x 7 = 35)

PART C

Write long essay on **any *two*** questions; each question carries 12 marks.

23. Explain the relative efficiency of fiscal and monetary policy in the classical and Keynesian system using ISLM framework
24. Briefly discuss the Mundell-Flemming Open Economy model
25. Illustrate the Samuelson's model of business cycle
26. Compare and contrast the Permanent Income and Relative Income Hypothesis (12 x 2 =24)

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