MA DEGREE END SEMESTER EXAMINATIONS – OCTOBER 2015

SEMESTER- 1, SUBJECT: ECONOMICS

COURSE: P1ECOT02 - MACROECONOMIC THEORY AND POLICY

(Regular, Supplementary / Improvement)

Time: Three Hours   Max. Marks: 75

Part A

Answer any **Eight** Questions of the following not exceeding half a page.

Each question carries 2 marks.

1. Kuznets Consumption puzzle

2. Fiscal Policy

3. Ricardian Equivalence

4. Pigou Effect

5. Marginal Efficiency of Investment

6. Multiplier

7. Keynesian One Sector Model

8. Principle of Effective Demand

9. Tobin's q ratio

10. Define Investment

11. Inter temporal Consumption

12. Define IS Curve   (2 x 8 = 16)

Part B

Answer any **Seven** Questions of the Following Not Exceeding Two Pages.

Each question carries 5 marks.

13. Explain the factor affecting the slope of the IS curve.

14. Critically examine the accelerator theory of investment.

15. Write a note on Keynes psychological law of consumption.

16. Briefly explain the neo classical theory of investment.

17. Derive LM Curve.

18. Briefly explain Keynes effect.

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19. Critically explain the life cycle hypothesis.

20. Explain the Search-matching theory of unemployment.

21. Explain the Political Business cycle theory. **(PTO)**

22. Write a note on the neo-Keynesian theory of investment. (7 x 5 = 35)

Part C

Write a long essay on any **Two** of the following not exceeding four pages.

Each question carries 12 marks.

23. Describe the role and relative effectiveness of fiscal and monetary policy using an IS-LM
Frame work in the neo-classical and Keynesian system.

24. Critically examine the Permanent Income Hypothesis.

25. Critically examine Samuelson's multiplier- accelerator interaction model of trade cycle.

26. Examine the causes and effects of current Global financial crisis.

(12 x 2 = 24)

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