

Reg. No

Name

17P116

M. A. DEGREE END SEMESTER EXAMINATION- NOVEMBER 2017

SEMESTER 1 : ECONOMICS

COURSE : 16P1ECOT02 ; MACROECONOMIC THEORY AND POLICY

(Common for Regular - 2017 / Supplementary - 2016 Admissions)

Time : Three Hours

Max. Marks: 75

Section A

Answer any 8 (2 marks each)

1. Fiscal policy
2. Intermediate range
3. Ricardian equivalence
4. Liquidity trap
5. Consumption function
6. Secular Stagnation
7. Precautionary saving
8. Investment
9. Accelerator model
10. Tobins q ratio
11. Recession
12. Super multiplier

(2 x 8 = 16)

Section B

Answer any 7 (5 marks each)

13. Explain the case when Monetary policy is most effective in IS- LM framework?
14. Write a note on Keynesian two sector model of income determination?
15. Derive IS curve in a two sector economy?
16. What is Duesenberry's 'demonstration effect'?
17. Why do families with high incomes have a low marginal propensity to consume?
18. What are permanent consumption and transitory consumption? How are they related to the permanent income and transitory income?
19. What is the difference between induced and autonomous investment?
20. What is the present value of a capital asset? How is it related to discounting? Explain.
21. Explain the Innovation 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. Write an essay about the goods market and money market equilibrium in the IS-LM framework?
24. Depict the relationship between income and consumption in the absolute income hypothesis with the help of a diagram.
25. Write an essay about the post Keynesian developments in the theory of investment?
26. Briefly discuss the important differences between Samuelson's and Hicksian theory of trade cycle?

(12 x 2 = 24)