

Reg. No

Name

18P116

M. A. DEGREE END SEMESTER EXAMINATION - NOVEMBER 2018

SEMESTER 1 : ECONOMICS

COURSE : 16P1ECOT02 : MACROECONOMIC THEORY AND POLICY

(For Regular - 2018 Admission & Supplementary - 2016 / 2017 Admissions)

Time : Three Hours

Max. Marks: 75

Section A

Answer any 8 (2 marks each)

1. Real Balance effect
2. Depreciation of currency
3. LM Curve
4. Classical Range
5. Random walk hypothesis
6. Consumption Puzzle
7. Long term expected income
8. Public investment
9. Net investment
10. Rental price of a capital asset
11. Natural rate of unemployment
12. Super multiplier

(2 x 8 = 16)

Section B

Answer any 7 (5 marks each)

13. Explain why the IS curve generally slopes downward?
14. Distinguish between Pigou effect and Keynes effect?
15. Write a note on Keynesian income determination in a three sector economy?
16. What is the permanent income according to Friedman?
17. Briefly explain objective factors influencing consumption according to Keynes
18. Analyse the effects of income distribution and a change in the holding of financial assets on consumption.
19. What is the present value of a capital asset? How is it related to discounting? Explain.
20. Briefly explain q-theory of investment.
21. Write a note on the Global recession of 2008-12.
22. Distinguish between MEC and MEI.

(5 x 7 = 35)

Section C

Answer any 2 (12 marks each)

23. Briefly discuss the effectiveness of fiscal policy and monetary policy under IS-LM framework?
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. Discuss briefly the multiplier-accelerator interaction model.

(12 x 2 = 24)