M. A. DEGREE END SEMESTER EXAMINATION - OCT 2020 : FEBRUARY 2021
SEMESTER 1 : ECONOMICS
COURSE : **16P1ECOT02 : MACROECONOMIC THEORY AND POLICY**
(For Regular - 2020 Admission and Supplementary - 2016/2017/2018/2019 Admissions)

Time : Three Hours   Max. Marks: 75

PART A
Answer any 8 (2 marks each)

1. Fixed exchange rate
2. Tax multipliers.
3. IS curve
4. LM Curve
5. Keynes psychological law
6. Autonomous consumption
7. Life time utility
8. Investment
9. Inventory
10. Rental firm and Production firm
11. Recovery
12. Non-linear saving function

(2 x 8 = 16)

PART B
Answer any 7 (5 marks each)

13. Explain why the IS curve generally slopes downward?
14. Compare and contrast fixed versus flexible exchange rate system?
15. Write a note on Mundell – Fleming model under fixed exchange rate system?
16. Why do families with high incomes have a low marginal propensity to consume?
17. What is the relationship between income and consumption according to the life cycle hypothesis? Explain.
18. What is the present value of a capital asset? How is it related to discounting? Explain.
19. What is capital? How is it different from investment? Also explain various types of investment
20. Discuss the Hicksian theory of Trade Cycle.
21. Explain the terms peak and trough?
22. Distinguish between MEC and MEI.

(5 x 7 = 35)

PART C
Answer any 2 (12 marks each)

23. Briefly discuss the effectiveness of fiscal policy and monetary policy under IS-LM framework?
24. Write an essay about Fishers intertemporal Choice?
25. Compare the classical and Keynesian views on labour market
26. Discuss briefly the multiplier-accelarator interaction model.

(12 x 2 = 24)