

M. A. DEGREE END SEMESTER EXAMINATION : NOVEMBER 2023**SEMESTER 1 : ECONOMICS****COURSE : 21P1ECOT02 : MACROECONOMIC THEORY AND POLICY***(For Regular - 2023 Admission and Improvement/Supplementary -2022/2021 Admissions)*

Duration : Three Hours

Max. Weights: 30

PART A**Answer any 8 questions****Weight: 1**

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| 1. MEC | (R, CO 3) |
| 2. Investment. | (U, CO 3) |
| 3. Appreciation of currency. | (U, CO 1) |
| 4. AD-AS Curve. | (A) |
| 5. Multiplier. | (R, CO 4) |
| 6. Paradox of thrift. | (R, CO 1) |
| 7. Ratchet effect. | (U, CO 2) |
| 8. Keynes effect . | (U, CO 1) |
| 9. Political business cycle. | (R, CO 4) |
| 10. Consumption Puzzle. | (U, CO 2) |

(1 x 8 = 8)**PART B****Answer any 6 questions****Weights: 2**

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| 11. Explain the concepts MEC & MEI | (R, CO 3) |
| 12. Explain the terms peak and trough. | (U, CO 4) |
| 13. Discuss the determinants of desired capital stock. | (U, CO 3) |
| 14. Briefly discuss the important differences between Hicksian theory of trade cycle and Kaldor's theory of trade cycle. | (U, CO 4) |
| 15. Derive LM curve in a two sector economy? | (A, CO 1) |
| 16. In the DMP model, when a worker and firm are matched, what determines the wage paid to the worker? | (R, CO 2) |
| 17. How do price expectations Influence consumption? | (U, CO 2) |
| 18. Derive IS curve in a two sector economy? | (A, CO 1) |

(2 x 6 = 12)**PART C****Answer any 2 questions****Weights: 5**

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| 19. What additional variables are added to convert a two-sector model into a three sector model? How do these variables affect national income? | (An, CO 1) |
| 20. Write an essay on the Global recession of 2008-12. | (U) |
| 21. What is the basis of Tobin's q theory of investment? How is q theory different from the other theories of investment decisions? | (An) |
| 22. Examine the Diamond-Mortensen-Pissarides model of search unemployment. | (E, CO 2) |

(5 x 2 = 10)

OBE: Questions to Course Outcome Mapping

CO	Course Outcome Description	CL	Questions	Total Wt.
CO 1	Evaluates Keynesian Income Expenditure model and IS-LM model up to four sectors.	E	3, 6, 8, 15, 18, 19	12
CO 2	Understands the concept of consumption and consumption functions and various consumption theories along with knowledge about labour market searches and unemployment.	U	7, 10, 16, 17, 22	11
CO 3	Develops an understanding about the concept and types of investment and compares Keynesian and Post-Keynesian investment theories.	E	1, 2, 11, 13	6
CO 4	Understands the concept and theories of trade cycle and analyses global recession and its policy implications.	U	5, 9, 12, 14	6

Cognitive Level (CL): Cr - CREATE; E - EVALUATE; An - ANALYZE; A - APPLY; U - UNDERSTAND; R - REMEMBER;