

D 32815

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Name.....

Reg. No.....

FIRST SEMESTER P.G. DEGREE EXAMINATION, NOVEMBER 2022

(CCSS)

Economics

ECO 1C 02—MACRO ECONOMIC THEORY AND POLICY

(2022 Admissions)

Time : Three Hours

Maximum : 50 Marks

Part A (Multiple Choice Questions)*Answer all questions.**Each question carries 1 mark.*

1. LM curve slopes _____.
 - (a) Downward to the right.
 - (b) Upward to the right.
 - (c) Vertical.
 - (d) Horizontal.
2. Life cycle theory of consumption was propounded by :
 - (a) Duesenberry.
 - (b) Ando and Modigliani.
 - (c) Friedman.
 - (d) A. C. Pigou.
3. Which of the following is not a method of estimating national income ?
 - (a) Output method.
 - (b) Export-import method.
 - (c) Income method.
 - (d) Expenditure method.
4. When more workers are engaged in a work than actually required to work, it is called :
 - (a) Voluntary Unemployment.
 - (b) Involuntary Unemployment.
 - (c) Disguised Unemployment.
 - (d) Frictional Unemployment.
5. The famous square root formula for money demand was developed by :
 - (a) Samuelson and Nordhaus.
 - (b) Watson and Getz.
 - (c) William Baumol and James Tobin.
 - (d) R.G.D. Allen and J. R. Hicks.

(5 × 1 = 5 marks)

Turn over

Part B (Very Short Answer Questions)

*Answer in one **or** two sentences each*

*Answer any **five** questions.*

Each question carries 1 mark.

6. What is an IS curve ?
7. What do you mean by fallacy of composition ?
8. Define High powered money.
9. What do you mean by disposable income ?
10. Explain Keynes Effect.
11. What do you mean by speculative demand for money ?
12. Define the concept of multiplier.
13. Distinguish between permanent income and transitory income.

(5 × 1 = 5 marks)

Part C (Short Answer Questions)

*Answer any **six** questions.*

Each question carries 4 marks.

14. Analyse Keynesian liquidity preference theory of demand for money.
15. How do you interpret Tobin's Q-ratio ?
16. Explain different methods of measuring national income.
17. Explain the shifts in IS and LM curve.
18. Explain Gurley-Shaw version of the liquidity theory of money.
19. Write a note on Keynesian labour market.
20. Explain Random walk model of consumption.
21. Analyse Schumpeter's innovation theory of trade cycle.
22. Discuss Neoclassical theory of investment.

(6 × 4 = 24 marks)

Part D (Essay Type Questions)

*Answer any **two** questions.
Each question carries 8 marks.*

23. Critically analyze Absolute income hypothesis and Relative income hypothesis.
24. Explain general equilibrium using IS-LM analysis.
25. Analyse Hawtrey's monetary theory and Hayek's over investment theory of trade cycle.
26. Examine Friedman's Restatement of Quantity theory of Money.

(2 × 8 = 16 marks)