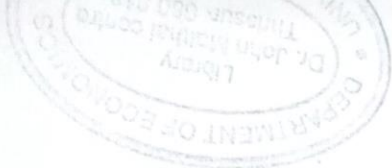


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Name.....

Reg. No.....

SECOND SEMESTER P.G. DEGREE EXAMINATION, APRIL 2021

(CCSS)

Economics

ECO 2C 06—DEVELOPMENTS IN MODERN MACRO ECONOMICS

(2019 Admissions)

Time : Three Hours

Maximum : 80 Marks

Part A

Answer all questions.

Each question carries 1 mark.

Multiple Choice Questions :

1. During the period of prosperity, credit creation is :
 - a) Small.
 - b) Heavy.
 - c) Unchanged.
 - d) None of these.
2. Deflation is :
 - a) A situation of falling prices.
 - b) A situation of rising prices.
 - c) A situation of constant prices.
 - d) None of these.
3. Which of the following can be adopted as a method of credit control ?
 - a) Bank rate policy.
 - b) Variable reserve system.
 - c) Selective credit control.
 - d) All of these.
4. Menu cost is related to _____.
 - a) New Keynesian economics.
 - b) Classical.
 - c) New classical.
 - d) None.
5. High rate of inflation and unemployment is called _____.
 - a) Inflation.
 - b) Deflation.
 - c) Stagflation.
 - d) None

Turn over

6. The consumption over time is known as _____.
- a) Inter temporal choice.
 - b) Dual decision.
 - c) Adaptive expectation.
 - d) None.
7. Inflation means _____.
- a) Rise in price level.
 - b) Decrease in price level.
 - c) Constant.
 - d) None.
8. Robert Lucas is associated with _____ school of economics.
- a) New classical.
 - b) Classical.
 - c) Keynesians.
 - d) None.
9. Fluctuations in economic activities refers to _____.
- a) Inflation.
 - b) Deflation.
 - c) Business cycle.
 - d) None.
10. Stagflation refers to _____.
- a) Deflation and rising unemployment.
 - b) Inflation and rising unemployment.
 - c) Inflation and rising employment.
 - d) Stagnant employment and deflation.

(10 × 1 = 10 marks)

Part B (Very Short Questions)

Answer any **five** questions in one or two sentences each.

Each question carries 2 marks.

- 11. Laffer curve.
- 12. Rational expectation hypothesis.
- 13. Dual decision hypothesis.
- 14. Types of unemployment.
- 15. Short run Philips curve.

16. Underemployment.
17. Misery index.
18. Cost of unemployment

(5 × 2 = 10 marks)

Part C (Short Answer Questions)

Answer any **eight** questions.

Each question carries 5 marks.

19. Explain Monetary theory of business cycle.
20. Explain NAIRU.
21. Explain Themes of supply side economics.
22. Explain Features of new Keynesian economics.
23. Explain Monetarism.
24. Explain monetarist views on great depression.
25. Explain small menu cost model.
26. Explain wage contract theory.
27. Explain expected augmented Philips curve.
28. Explain Causes of unemployment.
29. Explain Cost of inflation.
30. What do you meant by inflation targeting ?

(8 × 5 = 40 marks)

Part D (Essay Type Questions)

Answer any **two** questions.

Each question carries 10 marks.

31. Explain New classical macro economics.
32. Explain Real business cycle theory.
33. Discuss the instruments of fiscal policy.
34. Discuss the basic postulates of classical and Keynesian system.

(2 × 10 = 20 marks)