Reg. No. : ....

Code No. : 5268   **Sub. Code : ZESM 12**

M.A. (CBCS) DEGREE EXAMINATION,
NOVEMBER 2021

First Semester

Economics – Core

MACRO–ECONOMIC THEORY AND
ANALYSIS – I

(For those who joined in July 2021 onwards)

Time : Three hours   Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL the questions.

Choose the correct answer :

1.   The branch of macro economics that is concerned measuring macroeconomic activity is called

   (a)   General equilibrium

   (b)   Consumption function

   (c)   National income accounting

   (d)   General level of price determination

2. Social accounting system in India is classified into
    (a) Enterprise, households and government
    (b) Assets, liabilities and debt
    (c) Public sector, private sector and joint sector
    (d) Income, product and expenditure

3. The relationship between consumption and disposable income is known as the
    (a) Cost function
    (b) Saving function
    (c) Investment function
    (d) Consumption function

4. Relative income hypothesis is developed by
    (a) Friedman   (b) Duessenberry
    (c) Hansen   (d) Keynes

5. With an increase in the volume of investment, the MEC tends to
    (a) increase   (b) decrease
    (c) improve   (d) remain unchanged

6. Marginal Efficiency of Capital is
    (a) Expected rate of return on new investment
    (b) Expected rate of return on existing investment
    (c) Expected rate of profit and rate of interest
    (d) Value of output per unit of Capital invested

7. "Inflation is always, and everywhere a monetary phenomenon". This is the view of

   (a)   Milton Friedman   (b)   J. R. Hicks

   (c)   Paul Samuelson   (d)   James Tobin

8. Philips curve in the long-run is

   (a)   Vertical   (b)   Horizontal

   (c)   Convex   (d)   Concave

9. The Real business cycle theory is associated with

   (a)   Kydland and Prescott

   (b)   Hicks and Allen

   (c)   Friedamn and Lucas

   (d)   Tobin and Okun

10. Real business cycle theory does not suffer from the limitation that

    (a)   Technical progress is slow and unidirectional

    (b)   Output and price are positively related

    (c)   Labour supply is insensitive to real wage rate

    (d)   Real wage movements are pro cyclical

PART B — (5 × 5 = 25 marks)

Answer ALL questions, choosing either (a) or (b).

Each answer should not exceed 250 words.

11. (a) Explain the circular flow of income in a three sector economy.

Or

(b) Give an account of social accounting.

12. (a) What are the factors determining consumption?

Or

(b) Explain the main elements of life cycle hypothesis of consumption.

13. (a) Distinguish between Autonomous and Induced investment.

Or

(b) Explain the concept 'Marginal Efficiency of Capital'.

14. (a) Explain the Phillips curve in the short run and long run.

Or

(b) What are the methods to control inflation?

15. (a) Specify the implications of Real business cycle theory.

Or

(b) Write a note on stabilisation policy.

PART C — (5 × 8 = 40 marks)

Answer ALL questions choosing either (a) or (b).

Each answer should not exceed 600 words.

16. (a) Discuss the different forms of National income accounting.

Or

(b) Analyse the procedure of input-output accounting.

17. (a) Explain Keynes psychological law of consumption and specify its implications.

Or

(b) Examine the Relative income hypothesis of consumption.

18. (a) Explain the factors determining Marginal Efficiency of Capital.

Or

(b) Elaborate Tobins Q, theory of investment.

19. (a) Examine the classical, Keynesian and Monetarist approach to inflation.

Or

(b) Discuss the main aspects of Rational expectation hypothesis.

20. (a) Examine the role of money in Real Business cycle theory.

Or

(b) Analyse the source of productivity shocks in Real Business cycle theory.

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