

(6 pages)

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Sub. Code : PESM 12

M.A. (CBCS) DEGREE EXAMINATION,
NOVEMBER 2019.

First Semester

Economics – Core

MACRO ECONOMICS THEORY AND ANALYSIS—I

(For those who joined in July 2017 onwards)

Time : Three hours

Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL the questions.

Choose the correct answer :

1. _____ was considered as the father of macro economics
- (a) Alfred Marshall
 - (b) Adam Smith
 - (c) Friedman
 - (d) J.M. Keynes

2. Variable in economics can be classified into _____ categories

- (a) two
- (b) three
- (c) four
- (d) five

3. NNP is equal to

- (a) GNP – GDP
- (b) GNP + GDP
- (c) GNP – Depreciation
- (d) GNP + Exports

4. Which of the following is not a method of estimating national income?

- (a) expenditure method
- (b) output method
- (c) income method
- (d) matrix method

5. Average propensity to consume _____ as real disposable income rises

- (a) falls
- (b) rises
- (c) remains constant
- (d) infinite

6. The relative income hypothesis was first put forwarded by _____

- (a) Duesenberry
- (b) Dorothy and Friedman
- (c) J.R. Hicks
- (d) Simon Kuznets

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7. According to Keynes, investment is influenced by _____
(a) interest
(b) income
(c) MEC
(d) MPC
8. The value of accelerator depends on
(a) the propensity to consume
(b) the level of income
(c) the propensity to save
(d) capital output ratio
9. Speculative activities are at a high pitch during
(a) prosperity
(b) recovery
(c) recession
(d) depression
10. Kaldor explains the expansion phase of the trade cycle in
(a) two stages
(b) three stages
(c) four stages
(d) five stages

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PART B — (5 × 5 = 25 marks)

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

Each answer should not exceed 250 words.

11. (a) Differentiate endogenous and exogenous variables.

Or

- (b) What are the limitations of aggregate approach?

12. (a) Explain the various methods used to estimate national income.

Or

- (b) Write a note on circular flow of income.

13. (a) What are the propositions of psychological law of consumption?

Or

- (b) State the main theme of the relative income hypothesis.

14. (a) Indicate the main determinants of investment.

Or

- (b) What are the limitations of acceleration principle?

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[P.T.O.]



15. (a) Write a note on demand-full inflation.

Or

- (b) Illustrate the nature of a business cycle.

PART C — (5 × 8 = 40 marks)

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

Each answer should not exceed 600 words.

16. (a) Elaborate the main types of variables.

Or

- (b) Bring out the significances of aggregate approach.

17. (a) Examine the practical difficulties involved in the estimation of national income.

Or

- (b) Explain the process of circular flow of income in a complete four sector system.

18. (a) Critically evaluate permanent income hypothesis.

Or

- (b) Explain Ando-Modigliani's Life Cycle income hypothesis.

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19. (a) Explain the concept of marginal efficiency of capital.

Or

- (b) Explain the acceleration principle.

20. (a) Examine the trade-off between unemployment and inflation.

Or

- (b) Illustrate Samuelson's model of trade cycle.

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