

QP CODE

Enrollment Number:

A3029

Name:

M.A. DEGREE EXAMINATIONS, DECEMBER 2024

Second Semester

M.A. Economics

M23EC06DC – Macroeconomics II

(2023 July admissions)

Time: 3 Hours

Max Marks: 70

Section A

Answer any ten of the following questions in a word or sentence each. Each question carries 1 mark.

1. What is a business cycle?
2. What is the Phillips Curve?
3. Who was appointed as the chairman of India's National Income Committee, established in 1949?
4. What is an outside lag?
5. Which economic event during 1930s revealed the limitations of classical economics?
6. What is depreciation mean in the context of national income?
7. What is meant by the GDP gap?
8. Who is an insider?
9. Who was the main proponent of the monetarist school of thought?
10. What is Accelerator Theory of Investment?
11. What is meant by adaptive expectation?
12. What is fiscal policy?
13. What is a tax wedge?
14. What is the meant by Laffer Curve?
15. What is meant by inflation?

(1X10=10)

Section B

Answer any five of the following questions in two or three sentences each. Each question carries 2 marks.

16. How is national income calculated using the value-added method?
17. What is multiplier and what determine the value of multiplier?
18. How do you define budget deficit?
19. What is meant by hysteresis?

20. What are the major objectives of monetary policy?
21. What is meant by a pro-cyclical variable?
22. What is the classical view on the role of government in the economy?
23. What is the difference between direct and indirect taxes?
24. What is Sacrifice ratio?
25. How do you define full employment?

(2X5=10)

Section C

Answer any five of the following questions in a paragraph each. Each question carries 4 marks.

26. Explain the Rational Expectation Hypothesis (REH) as proposed by the New Classical economists.
27. Distinguish between target variables and instrument variables in economic policy?
28. What is known as Lucas Critique?
29. What are the factors that influence business investment according to Keynes?
30. Briefly explain the components of GDP.
31. How does time inconsistency in policy lead to inflationary pressures in the economy?
32. What is Menu cost and how it explains price rigidity in an imperfectly competitive market?
33. How does Hawtrey's theory explain the causes of business cycle?

(4X5=20)

Section D

Answer any three of the following questions in two pages each. Each question carries 10 marks.

34. Explain the Keynesian theory of consumption function.
35. Explain the main difficulties in measuring national income.
36. What are the arguments for and against rules and discretion in monetary policy?
37. What is efficiency wage theory and how does it explain involuntary unemployment in the economy?
38. Examine the role of productivity shocks in driving economic fluctuations according to the Real Business Cycle (RBC) theory.
39. Explain Friedman's restatement of the Quantity Theory of Money.

(10X3=30)