

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

MA DEGREE EXAMINATION MAY 2023
(First Semester)

Branch – ECONOMICS

ADVANCED MACRO ECONOMIC THEORY AND ANALYSIS

Time: Three Hours

Maximum: 50 Marks

SECTION-A (5 Marks)

Answer ALL questions

ALL questions carry EQUAL marks

(5 x 1 = 5)

- 1 Keynesian multiplier establishes a relationship between:
(i) Investment and Income (ii) Income and Consumption
(iii) Saving and Investment (iv) None of the above
- 2 Who developed the flexible acceleration theory of investment?
(i) J.M. Clark (ii) Frisch
(iii) H.B. Chenery (iv) Aftalion
- 3 Which of the following theories of business cycle has been given by Hawtrey?
(i) Purely Monetary (ii) Monetary over-investment
(iii) Real over-investment (iv) Under consumption
- 4 Which of the following are the indicators of the Monetary Policy?
(i) Inflation (ii) GDP
(iii) MSF Rate (iv) All of the above
- 5 According to straight line method of providing depreciation, the depreciation
(i) Remains constant (ii) Increase each year
(iii) Decrease each year (iv) None of them

SECTION - B (15 Marks)

Answer ALL Questions

ALL Questions Carry EQUAL Marks

(5 x 3 = 15)

- 6 a. Indicate the basic assumptions of the classical theory of employment.
OR
b. Explain the reverse working of multiplier process.
- 7 a. Illustrate the factors of secular consumption function.
OR
b. State the essentials of flexible acceleration theory of investment.
- 8 a. Explain the assumptions of samuelson's theory of trade cycle.
OR
b. State the assumptions of Marxian theory of distribution.

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- 9 a. Explain the basic indicators of stabilization.
OR
b. Explain the instruments of fiscal policy.
- 10 a. State the impact of devaluation on foreign exchange reserve.
OR
b. Illustrate why do we need real exchange rate.

SECTION -C (30 Marks)

Answer ALL questions

ALL questions carry EQUAL Marks

(5 x 6 = 30)

- 11 a. Discuss the general theory of employment as propounded by Keynes.
OR
b. Explain the rational expectation thesis.
- 12 a. Discuss the Friedman's permanent income hypothesis of consumption.
OR
b. Explain clearly the neo-classical theory of investment.
- 13 a. Discuss the Hick's theory of trade cycle.
OR
b. Explain the modern theory of distribution.
- 14 a. Discuss the principal objectives of monetary policy.
OR
b. Analyze the optimal monetary policy in the long run.
- 15 a. Differentiate between the fixed and floating exchange rate.
OR
b. Explain the concept and significance of PPP.

Z-Z-Z

END