

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)
MA DEGREE EXAMINATION DECEMBER 2024
(First Semester)

Branch - **ECONOMICS**

ADVANCED MACROECONOMIC THEORY AND ANALYSIS

Time: Three Hours

Maximum: 75 Marks

SECTION-A (10 Marks)

Answer **ALL** questions

ALL questions carry **EQUAL** marks

(10 × 1 = 10)

Module No.	Question No.	Question	K Level	CO
1	1	The term classical model was coined by ----- (a) Karl Marx (b) A.C.Pigou (c) Alfred Marshall (d) J. M. Keynes	K2	CO1
	2	Multiplier is the ratio of ----- (a) Change in investment to change in income (b) Change in income to change in interests (c) Change in income to change in investment (d) None of the above	K2	CO1
2	3	The Life cycle Hypothesis of consumption function is advocated by (a) Franco Modigliani, Brumberg and Ando (b) Duesenberry (c) J. M. Keynes (d) Milton Friedman	K2	CO2
	4	Which one of the following can stimulate investment? (a) Rise in the rate of interest (b) Tax Reduction (c) Lowering of the interest rate (d) War	K2	CO2
3	5	Kaldors model of trade cycle is based on ----- (a) Saving (b) Investment (c) MEC (d) Both (a) and (b)	K2	CO3
	6	The cyclical nature of economic activity is known as ----- (a) Monetary policy (b) Fiscal Relation (c) Trade cycle (d) Inflation	K2	CO3
4	7	The objectives of monetary policy will be ----- (a) Full Employment (b) Price Stability (c) Stability of foreign exchange rate (d) All the above	K2	CO4
	8	The stagflation refers to co-existence of ----- (a) Inflation and unemployment (b) Inflation and food problems (c) Deflation and unemployment (d) Deflation and Business Cycle	K2	CO4
5	9	The Purchasing power parity is (a) an economic term for measuring prices at different locations (b) an economic term to measure change in demand (c) an economic term to measure cost (d) None of these	K3	CO5
	10	The fixed exchange rate helps to ----- (a) induce capital from abroad (b) increase capital formation (c) promote foreign trade (d) all of the above	K3	CO5

Cont...

SECTION - B (35 Marks)

Answer ALL questions

ALL questions carry EQUAL Marks

(5 × 7 = 35)

Module No.	Question No.	Question	K Level	CO
1	11.a.	Explain the Philips Curve and its significance in policy making.	K2	CO1
		(OR)		
	11.b.	Illustrate the Robert Lucas New Growth Theory.		
2	12.a.	Analyse the Life Cycle Income Hypothesis with an example.	K4	CO2
		(OR)		
	12.b.	Examine the Flexible Accelerator theory of Investment.		
3	13.a.	Inspect the Schumpeter, innovation theory.	K4	CO3
		(OR)		
	13.b.	Simplify the Marxian theory of distribution.		
4	14.a.	Illustrate the Tinbergen's Approach.	K2	CO4
		(OR)		
	14.b.	Show the instruments of fiscal policy.		
5	15.a.	Show the factors influencing Exchange rate.	K2	CO5
		(OR)		
	15.b.	Summarise the significance of Purchasing Power Parity Concept.		

SECTION - C (30 Marks)

Answer ANY THREE questions

ALL questions carry EQUAL Marks

(3 × 10 = 30)

Module No.	Question No.	Question	K Level	CO
1	16	Identify the differences between Classical views and Keynesian views on employment.	K3	CO1
2	17	Analyse the Permanent Income Hypothesis.	K4	CO2
3	18	Examine the Hicks theory of Trade Cycle.	K4	CO3
4	19	Make use of the effectiveness of Monetary and Fiscal Policy in controlling the Inflation.	K3	CO4
5	20	Analyse the Mundell- Fleming Model.	K4	CO5

Z-Z-Z

END