PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

MA DEGREE EXAMINATION DECEMBER 2022
(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. On which factor Keynesian Theory of Employment depends?
    (i) Effective Demand   (ii) Supply
    (iii) Production Efficiency   (iv) None of the above

2. Who developed the relative income hypothesis?
    (i) Kuznets   (ii) Duesenberry
    (iii) Modigilini   (iv) Milton Friedman

3. Which one of the following is not an essential characteristic of business cycle?
    (i) Recurrent in nature   (ii) Cumulative in effect
    (iii) Regular   (iv) All pervading in their impact

4. Name the policy that accords with expenditure and taxation policies decisions of the government.
    (i) Monetary policy   (ii) Fiscal policy
    (iii) Labour market policy   (iv) Trade policy

5. The main objective of depreciation is
    (i) To show the previous profit   (ii) To calculate net profit
    (iii) To reduce tax   (iv) To satisfy the tax department

SECTION - B (15 Marks)
Answer ALL Questions
ALL Questions Carry EQUAL Marks   (5 x 3 = 15)

6. a. State the importance of Keynesian theory of employment.
                        OR
    b. Show the determinants of multiplier.

7. a. Explain the concept of cyclical consumption function.
                        OR
    b. Produce the evidences of continental drift theory.

8. a. Analyse Hicks theory of business cycle.
                        OR
    b. Discuss Kaldor's model of trade cycle.

9. a. Prepare the instruments of stabilization policy.
                        OR
    b. Explain the instruments of fiscal policy.

10. a. State the concept of floating exchange rate.
                        OR
    b. Justify the significance of PPP.

SECTION -C (30 Marks)
Answer **ALL** questions
ALL questions carry **EQUAL** Marks   (5 x 6 = 30)

11. a. Discuss the theory of Phillips curve.
OR
   b. Evaluate the Robert Lucas new growth theory.

12. a. Examine the Life Cycle Income Hypothesis.
OR
   b. Appraise the Neo-classical theory of Investment.

13. a. Elucidate the Schumpeter innovation theory.
OR
   b. Criticise the Marxian theory of distribution.

14. a. Analyze the optimal monetary policy in the long run.
OR
   b. Recommend the main instruments of monetary policy.

15. a. Enumerate the factors affecting exchange rate.
OR
   b. Analyse the Mundell-Fleming model.

Z-Z-Z   END