PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

MA DEGREE EXAMINATION DECEMBER 2023
(First Semester)

Branch- **ECONOMICS**

ADVANCED MACRO ECONOMIC 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	Keynesian theory was developed in ____. (a) 1939 (b) 1940 (c) 1935 (d) 1936	K1	CO1
	2	In an open economy, the value of the multiplier depends on: a) The marginal propensity to save b) The marginal propensity to import c) The level of taxes d) All of the above.	K2	CO1
2	3	Which of the following statements accurately describes the consumption function? a) The consumption function is a relation between income, savings, price and consumption b) The consumption function is a relation between income and consumption c) The consumption function is a relation between price, savings and consumption d) The consumption function is a relation between income, price and savings.	K1	CO2
	4	According to permanent income hypothesis, the MPC out of transitory income is a) One b) Less than zero c) Greater than zero d) Zero	K2	CO2
3	5	Which of the following models of business cycle generates constrained cycles? a) Samuelson model b) Hicks model c) Kaldor model d) None of these.	K1	CO3
	6	According to Marx, increase in the organic composition of capital leads to a) Increase in the rate of growth of economy b) Increase in employment c) Decrease in the rate of profit d) Increase in the rate of profit.	K2	CO3
4	7	Monetary policy is different from fiscal policy in a) The type of problem associated with b) The type of instrument used c) The viewpoint of economists d) None of these	K1	CO4

	8	The fiscal policy is weakened by the presence of a) Public debt b) Fear of capital light c) Interest sensitiveness of investment d) All of the above	K2	CO4
5	9	The monetary approach to exchange rates requires which of the following theories to hold? a) Uncovered interest rate policy b) Purchasing power parity c) Real interest rate parity d) Exchange rate overshooting	K1	CO5
	10	The governments of the major industrial countries adopted floating exchange rates in a) 1946 b) 1947 c) 1973 d)1991	K2	CO5

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 Keynesian theory of employment.	K2	CO1
		(OR)		
	11.b.	Show the multiplier and accelerator interaction.		
2	12.a.	Examine the life cycle income hypothesis.	K4	CO2
		(OR)		
	12.b.	Analyse the neo-classical theory of investment.		
3	13.a.	Discover the Kaldor theory of trade cycle.	K4	CO3
		(OR)		
	13.b.	Simplify the Keynes trade cycle.		
4	14.a.	Construct optimal monetary policy in the long run.	K3	CO4
		(OR)		
	14.b.	Identify the effects of deficit spending on equilibrium output and interest rate.		
5	15.a.	Identify the factors affecting exchange rate.	K3	CO5
		(OR)		
	15.b.	Make use of fiscal and monetary approaches to alternative exchange rate regimes.		

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	Analyse the Robert lucas new growth theory.	K4	CO1
2	17	Examine the profit and financial theories of investment.	K4	CO2
3	18	Inspect the modern theory of distribution.	K4	CO3
4	19	Simplify the optimum monetary and fiscal policy mix.	K4	CO4
5	20	Develop the mundell – flemming model.	K4	CO5

Z-Z-Z   END