

FAROOK COLLEGE (AUTONOMOUS), KOZHIKODE
 First Semester MA Degree Examination, November 2017
MECO1B01 – Micro Economics theory and Application I
 (2017 Admission onwards)

Max. Time: 3 hours

Max. Weightage: 36

PART – A

Answer all questions.

Each bunch of four questions carries weightage 1.

A. Multiple choice

1. Characteristic approach to demand was developed by

(a) Nerlove	(b) Houthakker and Taylor
(c) Lancaster	(d) None of these
2. Which of the following is not related to pragmatic approach?
 - (a) they accepted the fundamental law of demand
 - (b) they formulated demand function directly on the basis of market data
 - (c) they formulated demand with reference to the theory utility
 - (d) demand is expressed as a multivariate function and is estimated with various econometric methods
3. In linear expenditure models, the income left after the minimum expenditure are covered is called

(a) subsistence income	(b) supernumerary income
(c) surplus income	(d) none of these
4. Which of the following is not a basis assumption of N-M Hypothesis

(a) Consistency	(b) Transitivity
(c) Constant Marginal Utility of Money	(d) Continuity of Preferences

B. Multiple choice

5. The hypothesis that as income of the people increases, its marginal utility first decreases over certain level of income, and then increases over certain level of income. finally it decreases as income continues to increase is associated with

(a) Neumann-Morgenstern	(b) Friedman-Savage
(c) Veblen effect	(c) Snob effect
6. Reducing risk by allocating resources to a variety of activities whose outcomes are not closely related is called

(a) diversification	(b) value of information
(c) insuring	(d) all the above
7. With capital labour ratio remaining constant, if the marginal rate of technical substitution declines, the Hicks technical progress is said to be

(a) Labour saving	(b) Labour using	(c) Neutral	(d) Both (a) and (b)
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8. The oligopoly model in which each firm treats the output level of its competitor as fixed when deciding how much to produce

(a) Cournot model	(b) Bertrand model
(c) Edgeworth model	(d) all the above

C. Fill in the Blanks

9. In the linearly homogenous Cobb-Douglas production function with two inputs, the elasticity of substitution between the inputs is _____
10. _____ a situation in which an insurance premium is equal to the expected payout
11. The margin by which established firms can raise their price above the competitive price level persistently without attracting entry is _____
12. Short run average engineering cost curve is _____

D. State True or False

13. Kinked isoquant represents perfect substitutability between factors
14. A market-sharing cartel will always reach the monopoly solution
15. Joint output of a single firm is greater than output that could be achieved by two different firms when each produces a single product is called economies of scale.
16. A dominant strategy refers to the strategy that a player in a game chooses independent of the strategy of the other player

(4 x 1 = 4 W)

PART – B

Short answer questions

Answer any ten questions not exceeding one page each.

17. What is risk premium? How it is measured?
18. How can we distinguish between risk lovers and risk averters?
19. The usefulness of various theories of consumer behavior has been questioned on the ground that they have little relevance to the complexities of the real world. Discuss recent developments in the theory of demand in the light of this observation.
20. "A major advantage of the characteristic approach is that it permits the analysis of r goods and the analysis of effects of change in quality." Justify this statement.
21. What do you mean by technical progress? Explain neutral, capital deepening and la deepening technical progress with the help of diagrams.
22. Briefly explain the modern theories of cost.
23. Explain price and output determination under price leadership by a dominant firm.
24. Define a cartel. How a cartel maximizes joint profit?
25. What is a "minmax strategy"? Do you think it provides a meaningful explanation firm's behavior than the traditional principle of profit maximization? Why or why
26. How do oligopoly firms maximize their sales? In what respect Baumol's sales maximization model is superior to the profit maximization model?
27. Critically explain the managerial discretion model of Williamson.
28. Critically examine the Sylos-Labini model of limit pricing.

(10 x 2 = 20)

PART – C

Essay Questions

Answer any three not exceeding three pages

29. What do you mean by Linear Expenditure System? Explain the model given by
30. Explain the Neumann Morgenstern hypothesis. How NM utility index is calcula
31. Critically examine Sweezy's oligopoly models.
32. Describe the Cobb Douglas production function and its properties.
33. Explain Bain's limit pricing model.

(3 x 4 = 12 W)

FAROOK COLLEGE (AUTONOMOUS), KOZHIKODE

First Semester MA Degree Examination, November 2017

MEC01B02 – Macro Economics Theory and Policy - I

(2017 Admission onwards)

Max. Time: 3 hours

Max. Weightage: 36

PART – A

Answer all questions.

Each bunch of four questions carries weightage 1.

A. Multiple choice

1. Fluctuations in the economy caused by policy maker's manipulation of the economy for the purpose of affecting electoral outcomes is known as
 - (a) time inconsistency of policy
 - (b) political business cycle
 - (c) discretionary effect
 - (d) substitution effect
2. If people have rational expectations, a monetary policy contraction that is announced and is credible could
 - (a) reduce inflation with little or no increase in unemployment
 - (b) increase inflation but it would decrease unemployment by an unusually large amount
 - (c) increase inflation with little or no decrease in unemployment
 - (d) reduce inflation but it would increase unemployment by an unusually large amount
3. Which of the following factors does Tobin's q ratio *not* reflect:
 - (a) marginal rate of intertemporal substitution
 - (b) the "animal spirits" of entrepreneurs
 - (c) the link between anticipated future productivity increases and current share prices
 - (d) the interest rate
4. The optimal capital stock is achieved when the user cost of capital is equal to
 - (a) the interest rate
 - (b) the depreciation rate
 - (c) the marginal product of capital
 - (d) Tobin's q

B. Multiple choice

5. In the standard Keynesian IS-LM model, a decrease in minimum cash reserve ratio will
 - (a) create demand-pull inflation in full employment
 - (b) create cost push inflation in full employment
 - (c) create mark-up inflation in full employment
 - (d) create demand pull inflation if there is unemployment
6. An aggregate supply curve depicts the relationship between
 - (a) the price level and the aggregate quantity supplied
 - (b) the price level and the aggregate quantity demanded
 - (c) household expenditures and household income
 - (d) the price level and nominal GDP
7. The situation which arises at a very low rate of interest, when the LM curve is a horizontal straight line is known as
 - (a) liquidity trap
 - (b) liquidity preference
 - (c) liquidity ratio
 - (d) none of the above

8. Crowding out occurs when
 - (a) a decrease in the money supply raises the rate of interest which crowds out interest sensitive private sector spending
 - (b) an increase in taxes for the private sector reduces private sector disposable income and spending
 - (c) a reduction in income taxes results in a higher interest rate, which crowds out interest sensitive private sector spending
 - (d) a reduction in government spending induces less consumption spending

C. Fill in the Blanks

9. According to Keynes, the basic cause of involuntary unemployment is _____
10. Following the theory of Rational Expectations government regulation is _____
11. According to absolute income theory, APC _____ when disposable income rises.
12. Real balance effect is stated by _____

D. State True or False

13. Under the supply side economics, there will a sharp reduction in tax rate.
14. The political business cycle refers to a situation where corporate executives also hold political office.
15. Rational expectationists doesn't believe in economic policies.
16. Wage price rigidity is an important obstacle to automatic full employment in classical theory.

(4 x 1 = 4 Weights)

PART – B

Short answer questions

Answer any ten questions not exceeding one page each.

17. Describe briefly the absolute income hypothesis. What are its main properties and weaknesses?
18. Describe the permanent income hypothesis. How is permanent income measured?
19. Define and explain the concept of marginal efficiency of capital. What is its significance in investment decisions?
20. Explain the accelerator theory of investment.
21. Explain the factors that determine the slope of the IS and LM curves.
22. Show the derivation of LM curve.
23. What is monetarism? Describe the essence of monetarism.
24. Enumerate and explain the main propositions made by the new classical macroeconomists.
25. Describe a propagation mechanism used in real business cycle theory. Explain how it works.
26. Explain menu-cost model of aggregate supply.
27. "Business cycle mirrors the timetable of the election cycle". Explain.
28. Explain the Keynesian labour market.

(10 x 2 = 20 weights)

PART – C

Essay Questions

Answer any three not exceeding three pages

29. How does the life cycle hypothesis resolve the seemingly contradictory pieces of evidence regarding consumption behaviour?
30. Give three explanations why the real wage may remain above the level that equilibrates labour supply and labour demand.
31. Critically examine multiplier-accelerator interaction model of business cycle.
32. How does the inclusion of the government sector in two sector model affect the IS-LM model of equilibrium analysis? What new variables are added to the model and how do they affect the IS and LM schedules?
33. Briefly explain the post-Keynesian developments in macroeconomics.

(3x4 = 12 Weights)

FAROOK COLLEGE (AUTONOMOUS), KOZHIKODE

First Semester MA Degree Examination, November 2017

MECO1B03 – Indian Economy, Since Reforms

(2017 Admission onwards)

Time: 3 hours

Max. Weightage: 36

PART – A**Answer all questions.****Each bunch of four questions carries weightage 1.****Multiple choice**

1. Which sub sector registered higher growth rate during 2016-17?
 - a. Manufacturing
 - b. Financial Services
 - c. Public Administration
 - d. Mining and Quarrying
2. 'The year of Great Divide' refers to
 - a. Rapid growth rate of population after 1921.
 - b. declining sex ratio after 1921
 - c. slow-down in death rate after 1921
 - d. all the above
3. Which is not a kharif crop
 - a. Jower
 - b. Maize
 - c. Ground nut
 - d. Wheat
4. Which of the following communities were excluded from development in Kerala.
 - a. Scheduled Caste
 - b. Scheduled Tribe
 - c. Fishing Community
 - d. Both b & c

Multiple choice

5. Abid Hussain committee is related to
 - a. Small scale industries
 - b. Disinvestment
 - c. Infrastructure
 - d. PSU
6. Which of the following committees was related to tax reforms
 - a. Rekhi committee
 - b. Malhotra committee
 - c. Chelliah committee
 - d. Chakravarthy committee
7. Which of the following reforms mainly accelerated Kerala's economic growth?
 - a. Industrial Policy Reforms
 - b. Exchange rate policy reforms
 - c. Financial Sector Reforms
 - d. Foreign Investment Reforms
8. Mixed recall period was first used for poverty estimation for ___ round.
 - a. 55th
 - b. 50th
 - c. 66th
 - d. 61th

Fill in the blanks

9. The biggest public sector undertaking in the country is ----
10. Invisible exports mean exports minus-----
11. -----is used to measure seasonal unemployment in India.
12. Universalisation of Primary Education in Kerala was implemented in the year -----

D. State the following as true or false.

13. GST can be beneficial to local self governments in Kerala.
14. A country is said to be in debt trap if it has to borrow to make interest payments on outstanding loans.
15. Make in India came into vogue in 2013.
16. The Green Revolution has led to increase in regional inequalities and good production of wheat.

(4 x 1 = 4 marks)

PART – B

Short answer questions

Answer any ten questions not exceeding one page each.

17. Write a note on FRBM act.
18. Briefly discuss how reform has affected small scale industry in India.
19. Comment on the crisis of 1991.
20. Discuss the criticisms of Neo-Liberal arguments on economic growth in India.
21. Evaluate the progress of inclusive growth in India during post reform period.
22. Examine the status of agricultural labour in India.
23. Highlight the reasons for India's favourable balance of payment during post reform period.
24. Examine the extent regional imbalances in development in India.
25. What are the reasons for stagnation of agriculture in Kerala?
26. What do you mean by turn around in Kerala's economic growth?
27. Discuss the socio-economic factors that contributed to the privatisation of education in Kerala.
28. Critically examine the nature of employment growth in India during reform period.

(10 x 2 = 20 marks)

PART – C

Essay Questions

Answer any three not exceeding three pages

29. Discuss the major industrial policy reforms and also explain in what way it impacted the performance of Indian economy.
30. Explain the methodological changes recommended by various commissions to reduce the incidence of poverty in India. Also bring out the criticisms of these recommendations.
31. Do you believe that farmers' indebtedness and suicide in India are directly related to the conditionalities of Agreement on Agriculture? Discuss.
32. Critically examine the roles played by major agents of change in Kerala's development achievements.
33. What is decentralized planning? Enumerate its achievements and challenges in Kerala.

(3x4 = 12 marks)

