

FAROOK COLLEGE (AUTONOMOUS), KOZHIKODE
 Second Semester MA Economics Degree Examination, March /April 2019
 MECO2B07 – Public Finance Theory & Practice
 (2018 Admission onwards)

Time: 3 hours

Max. Weightage : 36

Part A

Each bunch of four questions carries a weightage of 1.

Multiple Choices

1. Goods whose benefits are completely indivisible and are jointly and equally consumed by a large relevant group is:

(a) Club Good	(b) Pure Public Good
(c) Quasi-Public Good	(d) Pure Private Good
2. Chairman of 15th finance commission is :

(a) N.K Sing	(b) Vijay L. Kelkar
(c) K.C.Pant	(d) Y.V.Reddy
3. Tax on the increased value of the capital asset or security is known as :

(a) Profit Tax	(b) Capital Gains Tax
(c) Capital Tax	(d) Capital Levy
4. The law of increasing state activity was developed by :

(a) A.P.Lerner	(b) Alfred Marshall
(c) A.Wagner	(d) None of these

Multiple Choices

5. The Chairman of the Tax Reform Committee constituted in 1991 was

(a) Raja J.Chelliah	(b) K.N Raj
(c) L.K. Jha	(d) J. K. Mehta
6. Excise duty is imposed on:

(a) Goods Exported	(b) Goods Imported
(c) Interstate movement of goods	(d) Goods Manufactured Within the Country
7. The relationship between tax rate and tax revenue is illustrated in:

(a) Lorenz Curve	(b) Laffer Curve
(c) Offer Curve	(d) Phillips Curve
8. If the amount of tax paid increases as income increases, it is said to be:

(a) Progressive Tax	(b) Proportional Tax
(c) Regressive Tax	(d) Optimal Income Tax

C- Fill in the blanks:

9. CGST stands for
10. Primary deficit is
11. The rate of taxation remains constant as the tax base changes is termed as
12. Tax on the increased value of the capital asset or security is known as.....

D- State True or False:

13. The concept of functional finance was developed by A. Wagner.
14. India is adopted a Canadian model of GST (Goods and Service Tax).
15. Corporation tax is a direct tax.
16. Finance commission is constituted by the President every fifth year. (16x ¼ = 4 we

Part B

Answer any ten questions

Each question carries a weightage of 2

17. Explain the concept of deficit financing.
18. Distinguish between fiscal deficit and budget deficit.
19. Write a note on FRBM Act
20. What is balanced budget multiplier?
21. Explain partial and general equilibrium
22. Examine Taxable capacity
23. What are the major sources of tax revenue to a state government?
24. Write a note on benefit principle
25. Explain Ability to pay theory of taxation
26. Describe the term federal finance.
27. Write a note on Domar stability condition
28. What is meant by functional finance?
29. Explain the concept of compensatory finance.
30. Distinguish between Zero based budgeting and Performance budgeting. (10x2 = 20 w

Part C

Answer any three questions

Each question carries a weightage of 4

31. Write an essay on GST in India.
32. Examine fiscal stabilizations policies adopted in the post reform period in India.
33. Define vertical and horizontal equity. Evaluate the nature of centre-state financial relations in India.
34. Examine the causes and consequences of fiscal crisis in Kerala.
35. Critically examine the theory of optimal taxation.
36. Examine the stabilization policy of the government in an open economy

(3x4 = 12 weight

FAROOK COLLEGE (AUTONOMOUS), KOZHIKODE
Second Semester MA Economics Degree Examination, March /April 2019
MECO2B08 – Quantitative Methods for Economic Analysis II
(2018 Admission onwards)

e: 3 hours

Max. Weightage : 36

PART AAnswer *all* questions.

(Each bunch of four questions carries a weightage 1)

A: Multiple choice

1. Chi square distribution is
A) positively skewed b) discrete c) multimodal d) symmetric
2. For a binomial distribution ,
a) mean = variance b) mean > variance c) mean < variance d) variance = 2 mean
3. Suppose X follows $N(0,1)$, Y is the absolute value of the random variable X then $\text{corr}(X, Y)$ is
a) -1 b) .5 c) 0 d) 1
4. If all the values of a 2x2 contingency table are same then the value of the test statistic is
a) 1 b) 0 c) not zero d) > 0

B Multiple choice

5. In two independent tosses of a fair die ,the sum of the outcome was 9. What is the probability that the first toss resulted in 6
a) 1/2 b) 1/6 c) 1/4 d) 1/8
6. Degrees of freedom for chi square in case of contingency table of order 4x3 is
a) 12 b) 9 c) 8 d) 6
7. An estimator is a function of
a) population observation b) sample observation
c) mean and variance of observation d) none of these
8. If X follows Poisson(2) and Y follows Poisson (3) ,then $E(X-3Y)$ is
a) 7 b) -7 c) 11 d) 10

C Fill in the blanks

9. The skewness of normal distribution is
10. The coefficient of variation of poisson distribution with mean 4 is
11. The formula for student t statistic is
12. The theory of estimation was expounded by

D TRUE or FALSE

13. The sum of probabilities of two types of errors is 1
14. The mean and variance of normal distribution is always same.
15. Sample mean is an unbiased estimate of population mean.
16. The sum of two independent binomial distribution is binomial. The result holds for the also.

(16 x ½ =

Part B

Answer any ten .Each carries a weightage of 2

17. Define poisson distribution. Obtain its mean and moment generating function
18. A fair die is rolled n times .Find the following probabilities
 - i)getting exactly one 6
 - ii)getting atleast one 6
 - iii)getting no 6
 - iv)getting atmost one 6
19. If X is a normal variate with mean 42 and standard deviation 4.Find the probability that a value taken by X is
 - i)less than 50
 - ii)greater than 50
 - iii)between 43& 45
 - iv)between 40& 44
20. Explain i)Type I error ii)Type II error iii)level of significance iv) power of the test
21. Explain chi square test. Write down the importance of chi square test.
22. Define an unbiased and consistent statistic and give an example for each.
23. Define log normal distribution and write down the uses of this in economics.
24. Obtain 95% confidence interval for the mean (when σ is known) for a normal population $N(\mu, \sigma)$

A sample of size 16 has 53 as its mean and the sum of squares of deviation taken from mean is 150. Can the sample be regarded as arisen from the population with mean 56.

Find an unbiased estimator of the parameter t of the uniform distribution over $[0, t]$ based on a random sample of size n . Also obtain the variance of the estimator.

Write down the properties of normal distribution

Explain the procedure of chi square test of independence

List out the applications of Student t test

Given the mgf of a binomial variable, $M_X(t) = (1/3)^5(2+e^t)^5$. Obtain the mean and variance.

(10 x 2 = 20 weightage)

PART C

Answer any three questions. Each carries a weightage of 4

In an experiment on immunization of 30 human beings from cholera, the following results were obtained. Draw your inference in the efficiency of the vaccine. Test at 5% level of significance

	Died	Survival
Inoculated	5	13
Not inoculated	7	5

Define chi square distribution. Obtain the mean and variance.

Fit a poisson distribution to the following data

No. of accident	0	1	2	3	4	5
No. of men	95	75	44	18	2	1

Four coins are tossed 80 times the distribution of number of heads is given below.

No. Of heads	0	1	2	3	4	total
Frequency	4	20	32	18	6	80

Apply chi square test at 1% level of significance is the coin is unbiased.

Explain the concept of consistency and sufficiency in point estimation.

Examine whether the sample mean is a consistent and sufficient estimator for the parameter λ in poisson distribution.

(3 x 4 = 12 weightage)

FAROOK COLLEGE (AUTONOMOUS), KOZHIKODE

Second Semester MA Economics Degree Examination, March /April 2019

MECO2B06 – Macro Economics Theory and Policies - II

(2018 Admission onwards)

Time: 3 hours

Max. Weightage : 36

Part A**Answer All questions in this part.****Each question carries a weight of $\frac{1}{4}$** **Choose the appropriate answer from the choices given**

1. Which of the following is inconsistent with Quantity Theory of Money?
A) Say's Identity
B) Say's Equality
C) Keynesian System
D) None of these
2. Portfolio Theory of demand for money was proposed by
A) Tobin
B) Keynes
C) Pigou
D) None of these
3. Walrasian model is
A) General Equilibrium
B) Partial Equilibrium
C) Static Equilibrium
D) Producer Equilibrium
4. Speculative Demand for Money is a function of
A) Income
B) Wealth
C) Interest Rate
D) None of these
5. Which of the following gives a simple rule for conducting the monetary policy?
A) Ricardian Rule
B) Taylor Rule
C) Barro Rule
D) All the above
6. Long run Phillips curve is
A) Exponential
B) Logarithmic
C) Horizontal
D) Vertical
7. One-for-one relation between the inflation rate and the nominal interest rate is called
A) Fisher Effect
B) Taylor Effect
C) Phillips Curve
D) None of the above
8. NAIRU is associated with
A) Keynes
B) Tobin
C) Baumol
D) Friedman

II Fill in the blanks

9. According to Walras Law, all **m** markets will be in equilibrium ifmarkets are in equilibrium.
10. In India, Inflation Targeting was proposed by the Committee chaired by.....
11. Phillips curve shows the relationship between inflation and
12. The relationship between bond price and interest rate is

III State whether True or False

13. According to Portfolio approach, risk minimisation is an objective of holding cash.
14. Liability of the RBI is called high powered money or monetary base
15. Higher the reserve ratio, higher will be the value of money multiplier.
16. NAIRU is conceptually same as Natural Rate of Unemployment

(16 x ¼ = 4 weights)

Part B

Answer any ten questions in this part.

17. Explain Quantity Theory of Money.
18. Write a note on Say's Law.
19. Discuss the Portfolio Approach to demand for money.
20. Explain Fisher Effect.
21. Explain how Milton Friedman restated the Quantity Theory of Money.
22. Explain the case for Inflation Targeting.
23. What are the factors which influence money multiplier?
24. What is Natural Rate of Unemployment?
25. What is Sacrifice Ratio?
26. Explain the Behavioural Model of money supply.
27. Discuss *Taylor Rule*
28. Discuss the idea of *Time inconsistency* of discretionary policy
29. Discuss Laidler's view of money as a Buffer Stock.
30. Discuss the scope of Macroeconomics.

(10x2=20Weights)

Part C

Answer any three questions in this part.

31. Discuss Samuelson's OLG Model.
32. Illustrate the Inventory Theoretic Approach to demand for money.
33. Explain the H-Theory of Money Supply.
34. Discuss *Phillips Curve*. What are its policy implications?
35. What do you think is better, Rules or Discretion?
36. What are the major causes of inflation? Explain Inflation Targeting.

(3x4=12Weights)

FAROOK COLLEGE (AUTONOMOUS), KOZHIKODE

Second Semester MA Economics Degree Examination, March /April 2019

MECO2B05 – Micro Economics Theory and Application – II

(2018 Admission onwards)

Time: 3 hours

Max. Weightage : 36

Part A

Answer all questions.

Each bunch of four questions carries a Weightage of 1.

Multiple Choices:

1. General equilibrium of exchange happens when

(a) $MRS^A_{xy} = MRS^B_{xy}$	(b) $MRTS^A_{LK} = MRTS^B_{LK}$
(c) $MRS=MRT$	(d) $MRS^A_{xy} = MRT^A_{xy}$
2. Under perfect competition

(a) Private cost = social cost	(b) Pareto optimum
(c) Economic efficiency	(d) All the above
3. When property rights are clearly defined, perfect competition results in the internalization of externalities, regardless of how property rights are assigned among the parties is known as

(a) Theory of common property rights	(b) Theory of interalisation
(c) Free rider problem	(d) Coase theorem
4. An example of the problems created by asymmetric information is the market for "lemons" discussed by?

(a) G. A. Akerlof	(b) J. E. Stiglitz
(c) K. J. Arrow	(d) Williamson

Multiple Choices:

5. When production possibility curve is concave to origin, MRT is

(a) Increasing	(b) Diminishing
(c) Constant	(d) Any of the above.

6. According to Marx, falling tendency of the rate of profit in Capitalism is due to
 - (a) Increase in the Organic Composition of capital
 - (b) Increase in Surplus Value
 - (c) Increase in the use of Variable Capital
 - (d) Increase in Rate of Exploitation
7. The goods which cannot be judged by inspection at the time of purchase but only after using them are known as:
 - (a) Experience goods
 - (b) Search goods
 - (c) Social goods
 - (d) Economic goods
8. A firm can overcome the principal agent problem by providing
 - (a) Golden parachutes
 - (b) Offering big bonus
 - (c) Generous deferred compensation package
 - (d) All the above

C. Fill in the blanks:

9. Firms willingly pay higher than equilibrium wages to induce workers to avoid shirking. This is known as -----
10. Input-output analysis is mainly associated with the economist -----
11. Action by either a producer or a consumer which affects other producers and consumers but is not accounted for in the market price is -----
12. ----- is the situation in which one party to a transaction has more information on the quality of a product or service offered for sale than does the other party.

D. State whether the following statements are true or false:

13. Once on the contract curve, one of the two individuals cannot be made better off without making the other worse off.
14. Contract curve shows all efficient allocations of goods of two outputs between two individuals.
15. Transitivity implies that if X is preferred to Y, and Y is preferred to Z, then X is preferred to Z.
16. According to Arrow's impossibility theorem, social welfare choices can be decided by anyone, individual or outside the society.

(16 × 0.25 = 4 Weightage)

Part B

Answer any ten questions.

Each question carries a Weightage of 2.

17. Distinguish between open and closed input- output Model.
18. Explain Arrow's impossibility theorem
19. What is Pareto optimality criterion?
20. What is compensation criterion of Hicks & Kaldor.
21. Analyze general equilibrium of exchange
22. What are Production externalities?
23. What is labour theory of value?
24. Explain adding up problem
25. What is theory of second best?
26. Explain Scitvosky double criterion.
27. What do you mean by Market for Lemon?
28. What is adverse selection?
29. Define Industrial Reserve Army
30. What is Tragedy of Commons

(10×2 = 20 Weightage)

Part C

Answer any three questions.

Each question carries a weight of 4

31. a) What is input output coefficient matrix?
b) Why Hawkin- Simon condition is relevant ?
32. Why critically evaluate Pareto optimality criterion.
33. Explain Rawl's theory of Justice? Compare it with sens welfare concepts.
34. Discuss Kalecki's theory of distribution
35. Explain Production externalities, consumption externalities and ways of correcting market failure.

(3×4 = 12 Weightage)