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Reg. No:.....

Name:

FAROOK COLLEGE (AUTONOMOUS), KÖZHIKODE

Third Semester MA Degree Examination, November 2016

MEC302 - Basic Econometrics

(2015 Admission onwards)

Max. Time: 3 hours

Max. Weightage: 36

Part A

Answer All Question

Each bunch of four question carries a weightage of 1

A-Multiple Choice:

1. The second stage in the methodology of econometrics is

(a) Estimation stage	(b) Specification stage
(c) Evaluation stage	(d) Data collection
2. In the construction of an econometric model ,the formation of maintained hypothesis means:

(a) Specification	(b) Estimation
(c) Evaluation	(d) Forecasting
3. The error term in an econometric model takes into consideration the influence of :

(a) Left out variables	(b) random behaviour of individuals
(c) Errors in observation	(d) all the above
4. In the case of Heteroscedasticity the variance of u is

(a) Zero	(b) One
(c) Constant	(d) Not constant

B-Multiple Choice:

5. The reliability and precision of a sample is given by

(a) Mean	(b) Standard error
(c) Variance	(d) Correlation
6. The coefficient of determination R^2 lies in between

(a) $-a$ to $+a$	(b) -1 and +1
(c) 0 to 1	(d) -1 to 0
7. Durbin Watson d test is a method to detect the presence of

(a) Autocorrelation	(b) Heteroscedasticity
(c) Multicollinearity	(d) Structural stability
8. The overall significance of regression equation can be verified with the help of

(a) F test	(b) Chi square test
(c) t test	(d) Anova

C-Fill in the blanks:

9. Confluence analysis is associated with _____.
10. The reliability or precision of OLS estimators is measured by its _____
11. The chronological classification of data is on the basis of _____
12. Glejser test is used to detect _____

D-State true or false:

13. Auto correlation means existence of correlation among variables
14. When population is heterogeneous it is advisable to use simple random sampling
15. Accepting a wrong hypothesis leads to Type I error
16. t test is more appropriate for testing small samples

(16 x ¼ =

Part B

Answer any 10 questions

All questions carries a weightage of 2

17. Explain the scope of econometrics
18. Explain the coefficient of determination
19. Explain the properties of stochastic error term
20. Differentiate between R^2 and Adjusted R^2
21. Explain multi collinearity and its consequences
22. Explain Double log model?
23. What are the assumptions of multiple linear regression model
24. Discuss dummy variable trap
25. Explain the application of t test in an econometric model
26. What are the reasons for applying lags in an econometric model
27. Explain semi log models
28. What are the remedies of Heteroscedasticity?
29. Explain Durbin Watson test.
30. Explain Koyck model

(10 x 2 =

Part C

Answer any three questions

All questions carries a weightage of 4

31. Discuss the role and importance of statistical methods in econometrics giving suitable examples
32. Explain the assumptions of simple linear regression model
33. Using OLS method estimate the parameters in a multiple regression model
34. Discuss auto correlation; its sources, consequences, detection and remedial measures
35. Outline the steps involved in econometric research with a suitable example.

(3 x 4 =

FAROOK COLLEGE (AUTONOMOUS), KOZHIKODE

Third Semester MA Degree Examination, November 2016

MEC301 - International Financial System

(2015 Admission onwards)

Max. Time: 3 hours

Max. Weightage: 36

Part A

Answer *all* questions*Each bunch of four questions carries weightage of 1*

A. Multiple Choice Questions

- (1) Which is the component of capital account of balance of payment
 - a) Service payments
 - b) Exports
 - c) Interest receipts
 - d) Portfolio investments
- (2) If the Rupees per Dollar exchange rate changes from Rs 54 to 56 in an year by the market force, it implies
 - a) Appreciation of \$
 - b) Depreciation of \$
 - c) Devaluation of \$
 - d) Revaluation of \$
- (3) Which is the component of capital account of balance of payment
 - a) Service payments
 - b) Exports
 - c) Interest receipts
 - d) Portfolio investments
- (4) The largest foreign exchange market in the world is
 - a) London
 - b) New York
 - c) Frankfurt
 - d) Tokyo

B. Multiple Choice:

- (5) Devaluation will improve balance of payment deficit if the sums of elasticity of export and import of the devaluing country is
 - a) Greater than one
 - b) less than one
 - c) zero
 - d) negative
- (6) Gold convertibility of dollar was abandoned in
 - a) 1962
 - b) 1966
 - c) 1971
 - d) 1973
- (7) The curve that indicates a situation in which a depreciation of a currency initially results in the worsening of the country's trade balance
 - a) BP curve
 - b) IS curve
 - c) J curve
 - d) Laffer curve

(8) Purchasing power parity theory was given by

- a) Alaxander
- b) Mundell
- c) J.E. Meade
- d) Gustav Cassell

C. Fill in the blanks

- (9) Elasticity approach examines the effect of ----- on current account
- (10) Smithsonian agreement was signed in the year -----
- (11) Most popular forward market is have a duration of -----days
- (12) Avoidance of foreign exchange risk is -----

D. State True or False

- (13) Pound sterling was the intervention currency under Brettonwoods
- (14) Managed floating is also known as dirty float
- (15) IMF was established to supervise exchange rate system
- (16) Borrowing is treated as debit item in balance of payment

(16 x ¼ = 4 weightage)

Part B

Short Answer Questions

Answer any **ten** not exceeding **one page** each

- (17) What is internal and external balance?
- (18) Explain salient features of currency futures
- (19) Elaborate exchange rate overshooting
- (20) Discuss asset market model
- (21) What is J curve?
- (22) Define FDI
- (23) Explain merits of floating exchange rate system
- (24) Discuss currency swap
- (25) What is hedging?
- (26) Distinguish between spot and forward market
- (27) Write a note on gold standard
- (28) What is arbitrage?
- (29) Elaborate European monetary integration
- (30) Explain euro bond market

(10 x 2 = 20 weightage)

Part C (Essay questions)

Answer any **three** not exceeding **three pages** each

- (31) Examine the Structure and working of Brettonwood system
- (32) Explain portfolio balance approach to balance of payment
- (33) Critically examine Purchasing power parity theory
- (34) Discuss the merits and demerits of fixed exchange rate system
- (35) Examine Mundell Fleming model.
- (36) Explain accounting principles and diequilibriums in balance of payment

(3 x 4 = 12 weightage)

FAROOK COLLEGE (AUTONOMOUS), KOZHIKODE

Third Semester MA Degree Examination, November 2016

MEC303 - Economic Growth and Development

(2015 Admission onwards)

Max. Time: 3 hours

Max. Weightage: 36

Part A

Answer all questions

Each bunch of four questions carries weightage of 1

1. The concept of Economic Growth is
 - a) Uni-dimensional in nature measuring growth in national income
 - b) Multi-dimensional incorporating non economic aspects also
 - c) Related to development but not to deprivation
 - d) Related to resource development but not to human development
2. The full capacity growth rate in Harrod- Domar Model is also known as
 - a) Actual growth rate
 - b) Warranted growth rate
 - c) Natural growth rate
 - d) Expected growth rate
3. The 'Balanced Growth Theory' is associated with
 - a) W. A. Lewis
 - b) R. Nurkse
 - c) Rostow
 - d) Hirschman
4. The classical model of economic development emphasizes
 - a) Laissez-faire policy
 - b) Capital accumulation
 - c) Both (a) and (b)
 - d) Neither (a) nor (b)
5. Fei- Ranis theory of economic development is based on
 - a) Balanced growth during take-off process
 - b) Importance of agricultural product in capital accumulation in under developed countries
 - c) Dualistic approach to development
 - d) All of the above
6. The book entitled "Asian Drama: An Inquiry into the Poverty of Nations" has been written by
 - a) David Ricardo
 - b) Gunnar Myrdal
 - c) R. Nurkse
 - d) Arthur Lewis

7. Gini-coefficient measures
- | | |
|-----------------------|----------------------|
| a) equality levels | b) Inequality levels |
| c) Income Discrepancy | d) All of the above |
8. The development process under capitalism has been described as 'creative destruction' by
- | | |
|------------------|------------------|
| a) David Ricardo | b) Karl Marx |
| c) R. Luxemburg | d) J. Schumpeter |

Fill in the blanks

9. According to Boeke, a dual society is characterized by the simultaneous existence of
10. Harrod- Domar model of economic development presupposes.....in an economy.
11. According to Solow, if there is divergence between actual rate of growth and warranted rate of growth, they can be reconciled by a change in.....
12. The book entitled "*Economic growth and Income Inequality*" is written by.....

States True or False

13. In his theory of development Schumpeter stresses the role of innovation.
14. The absolute precondition for economic growth in a poor country is capital formation.
15. The economic development of developing countries can be accelerated by strengthening the backwash effect and weakening the spread effect.
16. Instability in Harrod- Domar model is due to implicit technical assumption of fixed coefficient production with no substitutability.

(16 x ¼ = 4)

Part B (Short Answer Questions)

Answer any ten not exceeding one page each

Each question carries a weight of 2

17. Distinguish between the economic growth and economic development.
18. Explain Kuznet's inverted U hypothesis.
19. Explain the concept of Knife edge equilibrium.

ve the assumptions of Adam Smith's theory of economic development, and describe its
in features.

plain Ricardo's concept of stationary state.

ow far Solow model is superior to Harrod- Domar Model of growth?

what way does Schumpeter's theory of capitalistic development become a theory of
olutionary growth ?

plain the concept of technological dualism.

hat are the components of 'Big Push Theory' for growth in a developing economy?

ow does Ranis and Fei model become an improvement of Lewis model?

hat are the inherent dangers of unbalanced growth model?

fferentiate zero sum incentives and positive sum incentives put forward by Leibenstein.

plain the basic propositions of neo classical model of economic growth.

plain the concept of Organic Composition of Capital?

(10 x 2 = 20)

Part C (Essay Questions)

Answer any three not exceeding three pages each

Each question carries a weight of 4

r capita income is an arbitrary and inadequate measure of development. Discuss with
itable examples to support your answer.

itically examine Lewis' two sector theory of development process in a labour-surplus
onomy.

hat are the basic features of the Harrod- Domar Model of growth? Also state the
itations of this model.

scuss Marx's theory of economic development. Do you think it marks an improvement
er Ricardo's theory of development? Substantiate with valid reasons.

plain Myrdal's theory of cumulative causation. To what extent, in your opinion, it is
plicable in the context of India's development.

(3 x 4 = 12)

FAROOK COLLEGE (AUTONOMOUS), KOZHIKODE

Third Semester MA Degree Examination, November 2016

MEC304 - Fiscal Economics

(2015 Admission onwards)

Time: 3 hours

Max. Weightage: 36

Part A*Answer All Questions*

Each bunch of four questions carries weightage 1

I. Multiple Choice:

1. The goods which are purely public for a particular group and purely private for the rest of the group are called

(a) Merit Goods	(b) Mixed Goods
(c) Club Goods	(d) All of the above
2. The principle that the groups with more resources should pay higher taxes than the groups with fewer resources is known as

(a) Horizontal Equity	(b) Vertical Equity
(c) Fiscal Imbalance	(d) Automatic Stabilisation
3. Which was the last State in India that implemented Value Added Tax (VAT) in the year 2008?

(a) Kerala	(b) Haryana
(c) Uttar Pradesh	(d) Orissa
4. When the Government's market borrowings and liabilities is added to the budgetary deficit, it shows

(a) Primary Deficit	(b) Monetised Deficit
(c) Revenue Deficit	(d) Fiscal Deficit

II. Fill in the Blanks:

5. are the people who choose to let others pay for a public good and then enjoy the benefits that they did not pay for.
6. The Voluntary Exchange Model is associated with
7. implies the changes in the distribution of income available for private use as a result of changes in both taxation and public expenditure.
8. refers to an arrangement by which the tax-payer reduces his tax liability by legal methods.

III. State whether the following statements are True or False:

9. A pure public good is rival and non-excludable.
10. VAT is essentially a State subject.
11. Performance budget includes a series of outcome budgets.
12. Finance Commission of India is constituted under Article 250 of the Constitution.

IV. Multiple Choice:

13. Which one of the following approaches deals with financing public goods where the individuals honestly reveal their willingness to pay and the Government charges them to finance the public good?
(a) Samuelson's Approach (b) Lindahl's Pricing
(c) Musgrave's Approach (d) Johanson Solution
14. Which one of the following concepts of sacrifice implies the disutility of tax of all the tax-payers must be equal?
(a) Equal Absolute Sacrifice (b) Equal Proportional Sacrifice
(c) Equal Marginal Sacrifice (d) Any one of the above
15. The compulsory contribution levied in proportion to the special benefit derived to defray the cost of a specific improvement to the property undertaken in the public interest is called
(a) Capital Levy (b) Escheats
(c) Forfeitures (d) Special Assessment
16. Which of the following committees recommended the implementation of a Central Tax Code in India?
(a) John Matthai Committee (b) Choksey Committee
(c) Chelliah Committee (d) Jha Committee

(16 x ¼ = 4 Weightage)

Part B

Answer any Ten Questions
Each question carries weightage 2

17. What do you mean by market failure?
18. Elucidate the concept 'equal proportional sacrifice' of taxation.
19. Distinguish between economic incidence and statutory incidence.
20. What do you mean by capital levy?
21. What is Goods and Service Tax (GST)? How it differs from VAT?
22. Define balanced budget multiplier.
23. What is compensatory finance?
24. Discuss the major sources of non-tax revenue in India.
25. Examine the characteristics of a sound tax system.
26. What is Planning Programming Budgetary System (PPBS)?
27. Explain the basic principles of federal finance.
28. Discuss the major methods of redeeming public debt.
29. What do you mean by functional finance?
30. Distinguish between horizontal and vertical imbalances in Indian federal finance

(10 x 2 = 20 Weightage)

Part C

Answer any Three Questions
Each question carries weightage 4

31. Examine the rationale for Government intervention in the national economy.
32. Discuss Lindahl's pricing approach in the optimum provision of public goods.
33. Explain the measurement of incidence under the general equilibrium analysis.
34. Define budget. Discuss the contemporary relevance of performance, program and zero-based budgets.
35. Give a brief account of the recommendations of Thirteenth Finance Commission

(3 x 4 = 12 Weightage)