

FAROOK COLLEGE (AUTONOMOUS), KOZHIKODE
 Second Semester MA Degree Examination, March/April 2021
 MEC2C05 – Micro Economics: Theory and Application – II
 (2020 Admission onwards)

Time: 3 hours

Max. Weightage : 30

PART A

Answer all questions

Each question carries 1/4 weightage.

1. The condition for general equilibrium in exchange requires;

| | |
|------------------------------|------------------------------|
| a) $MRS_{xy}^A = MRS_{xy}^B$ | b) $MRS_{xy}^A > MRS_{xy}^B$ |
| c) $MRS_{xy}^A < MRS_{xy}^B$ | d) Any of the above |
2. Input output analysis is also called;

| | |
|----------------------------|-------------------|
| a) Inter industry analysis | b) LPP |
| c) Duality | d) None of these. |
3. Pareto concept of social welfare is based upon;

| | |
|--------------------|---------------------|
| a) Ordinal utility | b) Cardinal utility |
| c) Both a) and b) | d) None of these. |
4. Social choice and individual values are formulated by;

| | |
|-----------|------------|
| a) Walras | b) Arrow |
| c) Kaldor | d) Debreau |
5. Public goods are those for which consumption is

| | |
|---------------|----------------|
| a) Rival. | b) Regulated. |
| c) non-rival. | d) Unregulated |
6. Asymmetric information occurs when:

| | |
|-----------------------------------|------------------------------------------------------------|
| a) Information is free | b) Buyers and sellers have access to different information |
| c) Community surplus is maximized | d) Community surplus is minimized |
7. In the case of negative externality, the social marginal cost will;

| | |
|--------------------------------------------------------------|---------------------------------------|
| a) Exceed private marginal cost. | b) Be equal to private marginal cost. |
| c) Fall short of private marginal cost d) None of the above. | |
8. A change in the price of a good;

| | |
|------------------------------|------------------------|
| a) Act as a signal | b) Act as an incentive |
| c) Act as a rationing device | d) all the above. |
9. The inconsistency of which one of the following criteria is labelled as Scitovsky Paradox?

| | |
|----------------------|---------------------------|
| a) Little Criterion | b) Pareto Criterion |
| c) Bergson Criterion | d) Kaldor-Hicks Criterion |
10. ----- aims at analysing economic system in an integrated manner;

| | |
|----------------------------------|---------------------------------|
| a) Partial equilibrium analysis. | b) General equilibrium analysis |
|----------------------------------|---------------------------------|

FAROOK COLLEGE (AUTONOMOUS), KOZHIKODE
Second Semester MA Degree Examination, March/April 2021
MEC2C06 – Macro Economics : Theories & Policies – II
(2020 Admission onwards)

Time: 3 hours

Max. Weightage : 30

Part A**Answer all questions****Each bunch of four questions carries a weightage of 1**

1. At the natural rate of unemployment, the Philips curve becomes
(a) Horizontal (b) vertical (c) Downward d) None
2. The revenue raised by government through money creation is called
(a) Nominal income (b) Real Income (c) Seigniorage (d) None
3. The sum of currency and bank reserves called
(a) High Powered money (b) Monetary base (c) a or b (d) None of these
4. The demand for money is :
(a) Positively related to income and rate of interest
(b) Negatively related to income and rate of interest
(c) Negatively related to income and positively to rate of interest
(d) Positively related to income and negatively to rate of interest
5. The natural rate of unemployment equals the sum of who are
(a) Structurally unemployed (b) frictionally and cyclically unemployed
(c) Frictionally unemployed (d) frictionally and structurally unemployed
6. As per Baumol-Tobin theory, Transaction demand for money is interest
(a) Inelastic (b) Elastic (c) Neutral (d) None of the above\
7. Taylor rule is usually stated in terms of
(a) Nominal interest (b) Real Interest (c) Both (d) None of the above
8. M_2 consists of
(a) M_1 + Saving deposits with Post office (b) M_1 -- Saving deposits with Post office
(c) M_1 + Time deposits with Commercial banks (d) M_1 + Currency held with public
9. The sum of currency and bank reserves called
(a) High Powered money (b) Monetary base (c) a or b (d) None of these
10. Which among the following explains the relationship between unemployment and output
(a) Dual decision hypothesis (b) Okun's law (c) Theory of inflation (d) None of these

11. Keynesian labour market is characterised by:
 (a) Wage rigidity (b) Wage flexibility (c) Both a & b (d) None of these
12. Real wage refers to
 (a) Nominal wage / price index (b) Price index / nominal wage
 (c) Nominal wage – price index (d) Nominal wage + price index (12 x ¼ = 3 weight)

Part B (Very Short Answer Questions)

Answer any five questions

Each question carries a weightage of 1

13. Differentiate voluntary and involuntary unemployment.
14. What is Say's Identity?
15. Walras' Law
16. Distinguish between instrument variable and target variable.
17. What is Sacrifice Ratio?
18. High Powered money.
19. Write a note on inflation targeting.
20. Time inconsistency of policy. (5 x 1 = 5 weight)

Part C (Short Answer Questions)

Answer any Seven questions

Each question carries a weightage of 2

21. Discuss the Overlapping Generations Model
22. Critically analyse the adaptive expectations model.
23. Explain Tobin's Portfolio Balance Model
24. Rules are superior to discretion - Discuss
25. Briefly explain the behavioural model of money supply.
26. What is Lucas' Critique?
27. What is NAIRU? What are its implications?
28. What is monetary policy? What are the instruments of Monetary Policy?
29. Money Multiplier and monetary base jointly determines money supply - Discuss
30. Critically examine the inconsistency between Say's law and quantity theory (7 x 2 = 14 weight)

Part D (Essay Questions)

Answer any two questions

Each question carries a weightage of 4

31. Friedman's Restatement of Quantity Theory of money is an improvement over earlier. Discuss.
32. Explain basic principles of Arrow-Debreu Model
33. Illustrate Phillips Curve and Expectation augmented Phillips curve.
34. Critically examine the theoretical prepositions of New Classical Economics.

(2 x 4 = 8 weight)

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FAROOK COLLEGE (AUTONOMOUS), KOZHIKODE
Second Semester MA Degree Examination, March/April 2021
MEC2C08– Quantitative Methods for Economic Analysis II
(2020 Admission onwards)

Time: 3 hours

Max. Weightage : 30

PART – A

Answer all questions.

Each question carries 1/5 weightage

A. Multiple choice

- If X follows B(n,p) the distribution of $Y = (n - X)$ is;
(a) B(n,1) (b) B(n,x) (c) B(n,p) (d) B(n,q)
- X and Y are two Poisson variates with means 1 and 2 respectively, the probability, $P(X + Y < 2)$ is
(a) e^{-3} (b) $3e^{-3}$ (c) $4e^{-3}$ (d) $e2^{-3}$
- A family of parametric distribution in which mean is equal to variance is
(a) Binomial Distribution (b) Poisson Distribution
(c) Normal Distribution (d) Chi Square Distribution
- Chi- Square distribution is
(a) leptokurtic (b) mesokurtic (c) platykurtic (d) positively skewed
- If X follows Normal distribution with mean zero and variance 4, the p.d.f of X is
(a) $\frac{1}{2\sqrt{2\pi}} e^{-\frac{1}{2}(\frac{x}{2})^2}$ (b) $\frac{1}{4\sqrt{2\pi}} e^{-\frac{1}{2}(\frac{x}{2})^2}$ (c) $\frac{1}{\sqrt{2}\sqrt{2\pi}} e^{-\frac{1}{2}(\frac{x}{2})^2}$ (d) $\frac{1}{2\sqrt{2\pi}} e^{-\frac{1}{2}(\frac{x}{4})^2}$
- The probability of accepting the null hypothesis when it is true is
(a) type II error (b) type I error (c) Power of the test (d) None of these
- ANOVA utilises ----- Statistic
(a) t-Statistic (b) Chi- square Statistic (c) F- Statistic (d) All of the above
- If t is a consistent estimator for θ , then
(a) t^2 is consistent for θ^2 (b) $2t$ is not consistent for 2θ
(c) t is always an unbiased estimator for θ (d) none of these

9. An estimator T_n of $\psi(\theta)$ is said to be efficient than any other estimator T_n^* of $\psi(\theta)$ if

- (a) $\frac{V(T_n)}{V(T_n^*)} < 1$ (b) $\frac{V(T_n^*)}{V(T_n)} > 1$ (c) $V(T_n) < V(T_n^*)$ (d) All the above

10. The mean difference between 9 paired observations is 15. And the S D of difference is 5. The value of statistic t is ;

- (a) 27 (b) 9 (c) 3 (d) Zero

Fill in the Blanks

11. The probability of first kind of error is called of the test.

12. In working with a contingency table of order (4x5) the degrees of freedom for χ^2 is

13. The probability mass function of Bernoulli random variable is

14. Mean of Chi Square Distribution is

15. Coefficient of skewness for a normal curve is

(15 x 1/5 = 3 weightage)

PART – B

Short answer questions

Answer any 5 questions. Each question carries weightage 1.

16. What are the characteristics of Poisson distribution?

17. 3% of a given lot of manufactured product parts are defective, what is the probability that in a sample of four items none will be defective.

18. Define Normal Distribution.

19. What do you understand by sampling distribution ?

20. Discuss the techniques of ANOVA in one way classified data.

21. Define the terms statistic and parameter

22. What do you mean by a parametric test?

23. Find the probability mass function of binomial distribution if the mean is 3 and variance is 4

(5 x 1 = 5 weightage)

PART – C

Short Essay Questions

Answer any 7 questions. Each question carries weightage 2.

4. What are the characteristics of Normal Distribution?
5. What are the applications of Chi – square test?
6. Distinguish between one tailed and two tailed tests.
7. Define
 - (a) Standard Error
 - (b) Estimator
 - (c) Test statistic
 - (d) Degrees of freedom
8. Distinguish between large sample tests and small sample tests .
9. It is found that the number of accidents occurring in a factory follows Poisson Distribution with a mean of 2 accidents per week. Find the probability that (i) no accidents occur in a week. (ii) number of accidents occur in week exceeds 2($e^{-2} = 0.0067$)
10. Write down the ANOVA table for two way classification
10. What do you mean by interval estimation. A random sample of size 100 has mean 45 and S.D =1.5, find the range within which the population mean may lie with 95% confidence.
11. Test whether the accidents occur uniformly over week days on the basis of the following information.

| | | | | | | | |
|------------------|-----|-----|-----|-----|-----|-----|-----|
| Days of the week | sun | Mon | Tue | Wed | Thu | Fri | Sat |
| No. of Accidents | 11 | 13 | 14 | 13 | 15 | 14 | 18 |
12. A manufacturer of dry cells claimed that the life of their cells is 24.0 hours. A sample of 10 cells had mean life of 22.5 hours with a standard deviation of 3 hours. On the basis of available information, test whether the claim of the manufacturer is correct. $t_{(0.05, 9)} = 2.2623$
13. Discuss unbiasedness and consistency of an estimator.

(7 x 2 = 14 weightage)

PART - D

Essay Questions

Answer any 2 questions. Each question carries weightage 4.

34. Two groups of 100 people each were taken for testing the use of vaccine. 15 persons contracted the disease out of inoculated persons, while 25 contracted the disease in the other group. Test the efficacy of the vaccine. [At 5% level, $\chi^2 = 3.84$]
35. A manufacturer claimed that at least 95% of the equipments which he supplied to a factory conformed to specifications. An examination of a sample of 200 pieces of equipment revealed that 18 were faulty. Test his claim at significant level of (i) .05 (ii) 0.01
36. The screws produced by a certain machine were checked by examining samples. The following table shows the distribution of 128 samples according to the number of defective items they contained.

| | | | | | | | | |
|-------------------|---|---|----|----|----|----|---|---|
| No. of defectives | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| No. of samples | 7 | 6 | 19 | 35 | 30 | 23 | 7 | 1 |

Fit a Poisson Distribution to the data.

37. A certain company had four sales men A, B, C, D each of whom was sent for a month to three types of areas country side K, outskirts of a city O and shopping centre of the city S. The sales in hundreds of rupees per month are shown below.

| Districts | A | B | C | D |
|-----------|-----|----|----|----|
| K | 30 | 70 | 30 | 30 |
| O | 80 | 50 | 40 | 70 |
| S | 100 | 60 | 80 | 80 |

Carry out an analysis of variance and interpret the result.

(2 x 4 = 8 weightage)

FAROOK COLLEGE (AUTONOMOUS), KOZHIKODE
 Second Semester MA Degree Examination, March/April 2021
 MEC2C07 – Public Finance Theory and Practice
 (2020 Admission onwards)

Time: 3 hours

Max. Weightage : 30

Part A – Multiple Choice Questions
Answer all Questions
Each questions carries 1/5 weightage

1. Goods which are non-rival and excludable are called as
 a) Public goods b) Private goods c) Clubgoods d) Meritgoods
2. 'A Pure Theory of Local Expenditures' was written by?
 a) A. Marshall b) C. Tiebout c) R. Coase d) R. Musgrave
3. Which one is development expenditure?
 a) Administrative expenses b) Debt Services
 c) Subsidies d) Expenditure on education
4. GST was launched in India on
 a) 1st July 2017 b) 1st July 2014 c) 1st January 2015 d) 1st July 2015
5. The Socio Political Theory of taxation was given by:?
 a) H. Dalton b) R. Musgrave
 c) A. Wagner d) E. Lindahl
6. According to Domar to stabilize debt, rate of interest on PD should be:
 a) Lower than the output growth b) Higher than the output growth
 c) Equal to output growth d) None of the above
7. The term Fiscal Federalism was introduced by:
 a) Adam Smith b) E. Lindhal c) JM Keynes d) R. Musgrave
8. In India Income tax is assigned to:
 a) State Government b) Central Government
 c) Local Governments d) All of the Above
9. Service tax was first introduced in India in the year:
 a) 2015 b) 1991 c) 1994 d) 2017

10. Which of the following is not related to Intergenerational Equity of Public Debt?
 a) Capital Stock Transfer Theory b) Welfare Attitude Theory
 c) Bowen-Davis-Kopf Thesis d) Critical Limit hypothesis
11. The movement from older level of expenditure and taxation to a new and higher level is called:
 a) Inspection Effect b) Displacement effect
 c) Concentration Effect d) All of the Above
12. In proportional tax system, the rates of tax:
 a) Is Increasing b) is decreasing c) Remains Constant d) is zero
13. Equals treated equally in taxation leads to:
 a) Vertical equity b) Horizontal equity c) Real equity d) None
14. The FRBM Act was passed in:
 a) 2002 b) 2015 c) 2005 d) 2003
15. The diffusion theory was associated with the name of:
 a) Mansfield b) R A Musgrave c) Dalton d) Keynes

(15 x 1/5 = 3 Weightage)

Part B- Short Answer Type Questions
Answer any five questions
Each question carries a weightage of 1

16. What is meant by spillover effects?
17. Define Public goods
18. What is Pigovian tax?
19. What is free rider problem?
20. Write a note on Laffer curve
21. What is tax elasticity?
22. Define deficit financing
23. Briefly explain benefit Principle of taxation (5x1 = 5 weightage)

Part C-Short essay type questions
Answer any *seven* questions
Each question carries a weightage of 2

24. What is Market Failure? What are its major causes?
25. Explain Tiebout hypothesis
26. Differentiate between traditional and modern views on fiscal policy
27. Explain the balanced budget multiplier
28. Differentiate between impact and incidence of taxation
29. What is shifting of taxation? What are the factors influencing it?
30. Discuss the major terms of references of 15th finance commission
31. What are the sources of revenue of local governments in India?
32. Critically examine the major features of Indian tax system
33. Analyse the important issues related to the implementation of GST in India

(7x2 = 14 weightage)

Part D- Essay type questions
Answer any *two* questions
Each question carries a weightage of 4

34. Critically examine the ability to pay principles of Taxation
35. Show how a competitive economy can allocate resources optimally under externalities with Coase theorem.
36. Explain the Musgrave's theory of Incidence of Taxation
37. Discuss the major highlights of union budget 2019

(2x4 = 8 weightage)