

D 93474

(Pages : 3)

Name.....

Reg. No.....

FIRST SEMESTER P.G. DEGREE EXAMINATION, NOVEMBER 2020

(CCSS)

Economics

ECO 1C 02—MACRO ECONOMIC THEORY AND POLICY

(2019 Admissions)

Time : Three Hours

Maximum 80 Marks

Part A*Answer all questions.**Each question carries 1 mark.*

Multiple choice questions :

1. At very low rate of interest, LM curve is perfectly elastic it is known as :
(a) Classical range.
(b) ☒ Keynesian range.
(c) Intermediate range.
(d) None of these.
2. The Gurley Shaw thesis is related with :
(a) The role of money.
(b) The role of central bank.
(c) ☒ The role of financial intermediaries.
(d) The role of commercial bank.
3. The APC declines as Y increases, the consumption function is said to be :
(a) ☒ Linear.
(b) Non-linear.
(c) Proportional.
(d) Non-proportional.
4. Near money :
(a) Is almost same theory as money.
(b) Is money itself.
(c) Is money only in a limited sense.
(d) Is not money at all.
5. The optimum capital stock is achieved when the user cost capital is equal to :
(a) Interest rate.
(b) The depreciation rate.
(c) ☒ The marginal product of capital.
(d) Tobin's Q.

Turn over

6. Fishers theory believed the value of money to be determined by the :
- (a) Elasticity of demand. (b) Levels of investment.
☒ (c) Quantity of money. (d) Velocity of money.
7. If the investment multiplier is 4, the relevant consumption is given by :
- ☒ (a) $c = 28 + 0.75y$. (b) $c = -28 + 0.78y$.
 (c) $28 + .70y$. (d) $c = 28 + 0.40y$.
8. When the intrinsic value of money all its face value are called :
- (a) Token money. (b) Full bodied money.
 (c) Quasi money. ☒ (d) Fiat money.
9. According to Keynes, interest is related to :
- (a) Money supply. ☒ (b) Money demand.
 (c) Saving. (d) National income.
10. If gross investment falls to zero , national income does not falls to zero because of :
- ☒ (a) Consumption. (b) Production.
 (c) Multiplier. (d) Accelerator.

(10 × 1 = 10 marks)

Part B (Very Short Answer Questions)

Answer any **five** questions.

Each question carries 2 marks.

Answer in one **or** two sentences each.

11. Phases of business cycle.
12. Wage rigidity and flexibility.
13. Unemployment and underemployment.
14. Objectives of monetary policy.
15. High powered money.
16. Speculative demand for money.

17. Autonomous and induced investment.
18. Properties of psychological law of consumption.

(5 × 2 = 10 marks)

Part C (Short Answer Questions)

Answer any **eight** questions.

Each question carries 5 marks.

19. Explain the causes of inflation.
20. Explain the trends of unemployment in India.
21. Discuss the approaches of BOP.
22. Explain random walk model of consumption.
23. Explain the themes of monetarism.
24. Critically evaluate permanent income hypothesis.
25. Explain the theories of investment.
26. Discuss post Keynesian theories of demand for money.
27. Derive IS-LM open economy model.
28. Explain Q theory of investment.
29. Discuss multiplier accelerator theory.
30. Explain crowding out effect.

(8 × 5 = 40 marks)

Part D (Essay type questions)

Answer any **two** questions.

Each question carries 10 marks.

31. Explain political business cycle theory.
32. Discuss theories of consumption.
33. Discuss Keynesian three sector IS-LM model.
34. Explain Radcliff liquidity theory.

(2 × 10 = 20 marks)