## (Pages : 4)

Reg. No.	* *************************************	
Name :		
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## Second Year B.A. Degree Examination, April 2021

			Economic	s	
		Part III - Pape	er II : MACF	RO ECONOMICS	
		(2005 A	Admission (	Onwards)	
Tim	ne : 3 Hours			4	Max. Marks : 100
Inst	ruction : Answer	may be written	in <i>English</i> or	in <i>Malayalam</i> .	•
1.	Choose the co	rect answer. W	rite only the a	alphabet:	
1.	If MPC=1, then	the value of mu	ultiplier becor	nes	
	(a) 0		(b)	1	
	(c) 2		(d)	Infinity	
2.	Author of the (1936).	book The Gen	eral Theory	of Employment, Ir	nterest and Money
	(a) Keynes		(b)	Fischer	
	(c) Mill	9	(d)	Samuelson	
3.	Personal Incon	ne–Personal Ta	xes =		
	(a) Investmer	t	(b)	Savings	
	(c) Green inc	ome	(d)	Disposable incom	e
4.	Slope of the co	nsumption func	tion is given l	b <b>y</b>	
	(a) MPC		(b)	APC	
	(c) MPS		(d)	APS	

Э.	(a) Demand side (b) Supply side					
	(c) Both (a) and (b) (d) None of the above					
	(5 × 1 = 5 Marks)					
II.	State True or False					
6.	Money supply is a flow concept.					
7.	According to Keynes there exists an inverse relationship between money held for speculative demand for money and the prevailing rate of interest.					
8.	RBI calls High powered money as Reserve Money.					
9.	Classical economists stressed on Wage price rigidity					
10.	National Income is a stock concept.					
	$(5 \times 1 = 5 \text{ Marks})$					
III.	Fill in the blanks					
11.	In the equation $C=a+by$ , the value of $b$ lies between ———— (0 and 1/1 and infinity).					
12.	Under Keynesian theory employment and output is determined by ———————————————————————————————————					
13.	Interest rates and bond prices are ———related. (Positively/ Negatively)					
14.	The ———— states that the real interest rate equals the nominal interest rate minus the expected inflation rate.( Fisher Effect / Keynes Effect)					
15.	IS curve is ———— (Upward rising/ Downward sloping)					
	(5 × 1 = 5 Marks)					
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- IV. Define any four of the following.
- 16. Consumption Function.
- 17. Money illusion.
- 18. Involuntary employment.
- 19. Neutrality of money.
- 20. Demand for money.

 $(4 \times 1 = 4 \text{ Marks})$ 

- V. Answer any **seven** of the following in not more than **half** a page.
- 21. Write a note on Classical Labour Market Equilibrium.
- 22. Explain the concept of Investment Multiplier.
- 23. What do you mean by Relative Income Hypothesis?
- 24. Briefly explain the concept of Accelerator.
- 25. Distinguish between real and nominal interest rates.
- 26. Write a short note on stagflation.
- 27. Briefly explain Classical Dichotomy.
- 28. What do you mean by Natural Rate of Unemployment?
- 29. Explain Hicks views on Trade Cycle.
- 30. Write a note on National Income Accounting Matrix?

 $(7 \times 3 = 21 \text{ Marks})$ 

- VI. Answer any six questions each not more than one page.
- 31. Explain Absolute Income Hypothesis.
- 32. Write a short essay on the quantity theory of money.
- 33. Briefly explain the role of expectations in Economics.
- 34. Explain Income Policy.
- 35. What do you mean by Accelerator theory of trade cycle?
- 36. Explain Keynesian Liquidity Preference Theory.
- 37. Explain the main determinants of Investment.
- 38. What do you mean by Fischer's Equation of Exchange?
- 39. Write a note of Wage price Flexibility.
- 40. Explain Classical theory of investment.

 $(6 \times 5 = 30 \text{ Marks})$ 

- VII. Answer any three of the following not exceeding 3 pages each.
- 41. Define Fiscal Policy and what are its main instruments.
- 42. Write an essay on Friedman's Restatement of Quantity theory of money.
- 43. Is the Phillips curve a good model to an in predicting the relationship between inflation and unemployment.
- 44. Briefly explain IS-LM Model.
- 45. Define national Income and point out the various National Income Concepts.
- 46. Explain Classical theory of Output and Employment.

 $(3 \times 10 = 30 \text{ Marks})$