

(6 pages)

Reg. No. :

Code No. : 10278 E Sub. Code : AMEC 61

B.A. (CBCS) DEGREE EXAMINATION,
APRIL 2025.

Sixth Semester

Economics — Core

MACRO ECONOMICS — II

(For those who joined in July 2020 only)

Time : Three hours

Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL questions.

Choose the correct answer :

1. Investment made by government irrespective of income level is called _____
- (a) Induced investment
 - (b) Autonomous investment
 - (c) Real investment
 - (d) Financial investment

2. When taxation goes up, the MEC
- (a) Increases
 - (b) Remains
 - (c) Falls
 - (d) Decreases
3. Who said 'Interest is the reward for parting with liquidity for a specific period'
- (a) J.M. Keynes
 - (b) J.M. Clark
 - (c) J.R. Hicks
 - (d) J.B. Say
4. The rate of interest rates high under
- (a) Cheap money policy
 - (b) Dear money policy
 - (c) Neutral money policy
 - (d) Fiscal policy
5. Which is interest in capitalist economy?
- (a) Trade cycle
 - (b) Loss
 - (c) Profit
 - (d) War
6. The anti-cyclical measures are _____
- (a) Public revenue
 - (b) Public expenditure
 - (c) Public debt
 - (d) All the above

7. The value of multiplier will be always _____
(a) greater than 1 (b) less than 1
(c) equal to 1 (d) None
8. Leakages of multiplier are
(a) Savings (b) Imports
(c) Debt cancellation (d) All the above
9. The neutral money policy is based on _____
(a) The quantity theory of money
(b) The general theory
(c) The cash balance approach
(d) None of the above
10. Expansionary monetary policy is adopted during the period of _____
(a) Recession (b) Inflation
(c) Stagflation (d) Prospective

PART B — (5 × 5 = 25 marks)

Answer ALL questions, choosing either (a) or (b).

Each answer should not exceed 250 words.

11. (a) Differentiate gross investment from net investment.
Or
(b) Describe ex-ante and ex-post investment.
12. (a) Explain the classical views on interest.
Or
(b) What do you mean by liquidity preference?
13. (a) What are the causes for business cycle?
Or
(b) Write the concept and effects of trade cycle.
14. (a) State the leakages of multiplier.
Or
(b) Explain the importance of multiplier.

15. (a) What are the objectives of monetary policy?

Or

(b) Write a note on fiscal policy.

PART C — (5 × 8 = 40 marks)

Answer ALL questions, choosing either (a) or (b).

Each answer should not exceed 600 words.

16. (a) Write about the investment functions.

Or

(b) Illustrate the functional equality approach to savings and investment.

17. (a) Critically examine the neo-classical theory of interest.

Or

(b) Explain the significance of speculative demand for money with the help of a diagram.

18. (a) 'Prosperity is the cause of depression' - Comment.

Or

(b) Discuss the non-monetary over investment theory of trade cycle.

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19. (a) How is the propensity to consume related to the employment?

Or

(b) Critically explain the employment multiplier.

20. (a) Difference between expansionary and restrictive monetary policy.

Or

(b) Describe the instruments of fiscal policy.

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