

Code No. : 30642 E Sub. Code : CMEC 61

B.A. (CBCS) DEGREE EXAMINATION,
APRIL 2024.

Sixth Semester

Economics — Core

MACRO ECONOMICS — II

(For those who joined in July 2021–2022 onwards)

Time : Three hours

Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL questions.

Choose the correct answer.

1. Induced Investment is income _____.
(a) elastic (b) inelastic
(c) relatively elastic (d) relatively inelastic
2. MEC is the highest rate of return expected from expected from an additional unit of _____ asset over its cost.
(a) Gold (b) Bond
(c) Capital (d) Real Estate

3. Business Cycle is a part of the _____ system.
(a) capitalistic (b) socialistic
(c) mixed (d) communist
4. Schumpeter assigns the role of an innovator not to the capitalist but to an _____.
(a) Investor (b) Buyer
(c) Seller (d) Entrepreneur
5. Kahn's multiplier was the _____.
(a) Investment Budget
(b) Employment
(c) Foreign Trade
(d) Balanced
6. The magnitude of contraction due to the backward operation of multiplier depends on the value of
(a) APC (b) MPC
(c) APS (d) MPS

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7. According to _____, "The accelerator of efficient is the ratio between induced investment and an initial change in consumption expenditure".
(a) K. K. Kurihara
(b) J.M. Clark
(c) R.F. Kahn
(d) J.M. Keynes
8. The super multiplier is also called as the _____ effect.
(a) Income (b) Price
(c) Leverage (d) Substitution
9. To achieve price stability at an annual inflation rate of _____ percentage.
(a) 1 (b) 3
(c) 5 (d) 7
10. Monetary policy refers to the _____ control measures adopted by the Central Bank of a country.
(a) credit (b) price
(c) employment (d) output

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PART B — (5 × 5 = 25 marks)

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

Each answer should not exceed 250 words.

11. (a) Explain the various types of Investment.
Or
(b) Distinguish between MEC and MEI.
12. (a) Highlight the various phases of Business Cycle.
Or
(b) Explain the Schumpeter's innovation Theory.
13. (a) Sketch the assumptions of the Multiplier.
Or
(b) Bring out the importance of the Multiplier.
14. (a) Write a short note on Super Multiplier.
Or
(b) Write down the various limitations of Accelerator.
15. (a) What are the objectives of monetary policy?
Or
(b) Explain the instruments of fiscal policy.

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[P.T.O.]

PART C — (5 × 8 = 40 marks)

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

Each answer should not exceed 600 words.

16. (a) Analyze the present value criterion of Investment.

Or

- (b) Examine the factors other than interest rate affecting inducement to Invest.

17. (a) Discuss the Hicks's Theory of Business Cycle.

Or

- (b) Describe the measures to control Business Cycle.

18. (a) Explain the working process of Multiplier.

Or

- (b) Explain the leakages of Multiplier.

19. (a) Summarize the Principle of Accelerator.

Or

- (b) Construct the operation of the Accelerator.

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20. (a) Estimate the instruments of monetary policy.

Or

- (b) Assess the role of fiscal policy in a developing economy.

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