# C3E919

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**Q1.**    **A.**    **Explain the following concept : (Any Five)**          **10**

     **a**    Scope of macro economics.

     **b**    Gross Domestic Product.

     **c**    Types of Investment.

     **d**    Limitations of Multiplier.

     **e**    Slope of and shifts in LM curve.

     **f**    Stagflation.

     **g**    Precautionary Approach.

     **h**    Inflation targeting.

     **B**    **Choose the right answer from the given options and rewrite the statements.**     **10**

     **a**    In which of the following phase, output, employment, income, etc. begin to decline?

         a.    Recession                         c. Prosperity

         b.    Depression                      d. Recovery

     **b**    In a circular flow economy, firms supply _____.

         a.    Labour                               c. land

         b.    Goods and services             d. Capital

     **c**    If a part of an increase in income is spent on imports the value of multiplier _____.

         a.    Will be high                     c. Will be low

         b.    Will not change               d. Will increase

     **d**    The point where aggregate demand and the aggregate supply curves intersect is called _____.

         a.    Total demand                  c. Effective demand

         b.    Equilibrium demand          d. Non-equilibrium demand

     **e**    Precautionary demand for liquidity is determined by _____.

         a.    Rate of interest               c. Rate of inflation

         b.    Bond prices                    d. Income

     **f**    Which of the following is the slope of IS curve?

         a.    Negative slope             c. Positive slope

         b.    Direct slope                  d. None of the above

     **g**    Stagflation brings down _____.

         a.    Prices                            c. Employment

         b.    Both (a) and (b)             d. None of the above

     **h**    During inflation _____.

         a.    Value of money increases      c. Value of money remains constant

         b.    Value of money declines        d. None of the above

**i** Which of the following represents Fisher's equation?

    a. $MV = PT$          c. $M = kPY$

    b. $V = M/P$          d. $P = M/kT$

**j** Inflation targeting helps to control _____.

    a. Economic growth          c. Rate of inflation

    b. Both (a) and (b)          d. None of the above

**Q2**      **Answer any two of the following:**          **20**

**a** Explain Circular flow of Income in an open economy.

**b** Define trade cycles and explain its phases with a help of a diagram.

**c** Discuss Say's law in a Money Economy.

**Q3**      **Answer any two of the following:**          **20**

**a** Discuss Keynes consumption function and bring out the various factors affecting the       . consumption function.

**b** Discuss the working of multiplier with its limitations.

**c** How, according to Keynes, is the rate of interest determined?

**Q4**      **Answer any two of the following:**          **20**

**a** Derive IS curve and explain about their slopes and shifts.

**b** What is stagflation and what are its causes.

**c** Explain supply side economics. What are its limitations?

**Q5**      **Answer any two of the following:**          **20**

**a** Discuss "Velocity of Circulation of Money".

**b** What is Inflation? Explain demand pull Inflation.

**c** Examine the monetary and fiscal measures to control inflation.