



Avinashilingam Institute for Home Science and Higher Education for Women

(Deemed to be University under Category 'A' by MHRD, Estd. u/s 3 of UGC Act 1956)

Re-accredited with 'A+' Grade by NAAC. Recognised by UGC Under Section 12B

Coimbatore - 641 043, Tamil Nadu, India

Bachelor's Degree Examination – June / July 2021

II Semester

Class : I UG
Major : Economics

Time : 3 Hours
Max. Marks : 100

18BECC05 Macro Economics II

Part A

10 x 1 = 10

Choose the Correct Answer

- The average propensity to consume is measured by
a. C/Y
b. $C \times Y$
c. Y/C
d. $C + YIn.$
CO1 K1
- As increase in consumption at any given level of income is likely to lead
a. A decrease in import spending
b. An increase in exports
c. A fall in taxation revenue
d. Higher aggregate demand
CO1 K2
- If the MPC is 0.5, the multiplier is
a. 2
b. $1/2$
c. 0.2
d. 20
CO2 K4
- The term MEC was introduced by
a. Adam Smith
b. J.M. Keynes
c. Ricardo
d. Malthus
CO2 K1
- When investment is assumed autonomous, the slope of the Aggregate Demand schedule is determined by the
a. marginal propensity to invest
b. disposable income
c. marginal propensity to consume
d. average propensity to consume
CO3 K5
- A rise in the absolute income will lead to a _____ in the income devoted to consumption.
a. increase
b. same
c. decrease
d. negative
CO4 K3
- Life cycle hypothesis explain the difference between _____ short-run consumption function and _____ long-run consumption function.
a. secular, cyclical
b. cyclical, secular
c. static, dynamic
d. dynamic, static
CO4 K2
- Tobin's Q theory is associated with
a. investment
b. savings
c. aggregate demand
d. aggregate supply
CO2 K3
- The economy will be Equilibrium when both the _____ and _____ market are simultaneously in equilibrium.
a. money, product
b. capital, product
c. money and capital
d. human capital, money
CO5 K3
- The _____ model shows the expansion in money supply leads to the increase in aggregate demand for goods and services.
a. IS-LM
b. MPP
c. PPP
d. MEC
CO5 K4

Part B
Answer ALL questions
Each answer should not exceed 400 words or two pages

5 x 6 = 30

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| 11.a. Express the implications drawn from life cycle hypothesis.
(or) | CO1 K2 |
| 11.b. Explain the relationship between Consumption and Permanent Income. | CO1 K4 |
| 12.a. Draw the outline about the leakages of multiplier.
(or) | CO2 K4 |
| 12.b. Discover the importance on multiplier. | CO2 K1 |
| 13.a. Show the determinants of level of investment.
(or) | CO3 K3 |
| 13.b. Explain the relationship between marginal efficiency of capital and marginal efficiency of investment. | CO3 K2 |
| 14.a. Explain the multiplier – accelerator interaction.
(or) | CO3 K4 |
| 14.b. Find the implications of Tabin's Q theory of investment. | CO4 K5 |
| 15.a. Examine briefly Hicksian general equilibrium analysis.
(or) | CO5 K4 |
| 15.b. Discuss the role of monetary policy with IS and LM model. | CO5 K2 |

Part C
Answer ALL questions
Each answer should not exceed 800 words or four pages

5 x 12 = 60

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| 16.a. Describe the absolute income hypothesis.
(or) | CO1 K1 |
| 16.b. Demonstrate relative income hypothesis with diagram. | CO1 K3 |
| 17.a. Distinguish accelerator with multiplier. Describe the working of accelerator.
(or) | CO2 K1 |
| 17.b. Evaluate the various phases of business cycle. | CO2 K4 |
| 18.a. What is mean by investment? Identify types of investment.
(or) | CO3 K4 |
| 18.b. Illustrate marginal efficiency of capital with diagram. | CO4 K2 |
| 19.a. Critically evaluate the profit theory of investment.
(or) | CO4 K5 |
| 19.b. Enumerate the accelerator theory of investment. | CO4 K1 |
| 20.a. How to Obtain Equilibrium of Economy using IS and LM Curve? Discuss.
(or) | CO5 K2 |
| 20.b. Examine the goals and policies of macro economics. | CO5 K1 |
