

6. The Gurley Shaw thesis is related with :
- (a) The role of money.
 - (b) The role of central bank.
 - (c) The role of financial intermediaries.
 - (d) The role of commercial bank.
7. The APC declines as Y increases, the consumption function is said to be :
- (a) Linear.
 - (b) Non-linear.
 - (c) Proportional.
 - (d) Non-proportional.
8. Near money :
- (a) Is almost same theory as money.
 - (b) Is money itself.
 - (c) Is money only in a limited sense.
 - (d) Is not money at all.
9. The optimum capital stock is achieved when the user cost capital is equal to :
- (a) Interest rate.
 - (b) The depreciation rate.
 - (c) The marginal product of capital.
 - (d) Tobin's Q.
10. Fishers theory believed the value of money to be determined by the :
- (a) Elasticity of demand.
 - (b) Levels of investment.
 - (c) Quantity of money.
 - (d) Velocity of money.
11. When a linear consumption function undergoes a parallel shift downwards, the inverted multiplier will :
- (a) Fall.
 - (b) Rise marginally.
 - (c) Remain as before.
 - (d) Become as double.
12. Velocity of money is assumed to be constant by :
- (a) Keynes.
 - (b) Classicals.
 - (c) Hansen.
 - (d) ISLM theory.

Part B (Very Short Answer Questions)

Answer any five questions.

Each question carries 1 weightage.

13. Explain accelerator.
14. Pigou effect.
15. Explain money multiplier.
16. Cost push inflation.
17. Ratchet effect.
18. Money illusion.
19. Permanent income.
20. Inter-temporal choice of consumption.

(5 × 1 = 5 weightage)

Part C (Very Short Answer Questions)

Answer any eight questions.

Each question carries 2 weightage.

21. Explain measures of money supply.
22. Discuss basic themes of monetarism.
23. Explain the transactions demand for money.
24. Explain the target and instrument variable.
25. Explain the insider and outsider model.
26. Explain Real balance effect.
27. Explain the important limitations of the basic ISLM model.
28. What is meant by the monetary base ?
29. Explain liquidity trap with the help of LM curve.
30. Explain in a Keynesian perspective how fiscal policy can be used to cure depression and unemployment.
31. Explain accelerator theory of investment.

(8 × 2 = 16 weightage)

Turn over

Part D (Essay Questions)

Answer any four questions.

Each question carries 3 weightage.

32. Discuss Tobin q theory of investment.
33. Compare and contrast Baumol, Tobin and Friedman's theory of demand for money.
34. Explain with help of ISLM curve model role of fiscal policy in overcoming recession in the economy.
35. Critically evaluate life cycle hypothesis.
36. Discuss monetary policy.

(4 × 3 = 12 weightage)