(D) None of these

25. As per classical theory saving is:

(A) An increasing function of rate of interest✔

(B) Decreasing function of rate of interest

(C) Decreasing function of level of income

(D) None of these

26. The Cambridge version of the quantity theory of money was developed by:

(A) Fisher
(B) Alfred Marshall
(C) Pigou
(D) Keynes✔

27. In classical system which of the following keeps the economy at full employment:

(A) Level of saving
(B) Increase in money supply
(C) Adjustment in investment
(D) Adjustment in money wages✔

28. In Fisher's equation of exchange MV=PT, the variation of which produces a proportional change in price:

(A) M ✔
(B) V
(C) P
(D) T

29. According to classical economists, variations in savings are due to:

(A) Level of investment
(B) Rate of interest✔
(C) Level of employment
(D) None of the above

30. In classical theory which of the following is found in the economy:

(A) Unemployment
(B) Involuntary unemployment
(C) Less than full employment
(D) Full employment✔

31. In MV=PT, if M doubles and V and T remain constant, then P will:

(A) Double✔
(B) 1/2
(C) 1
(D) 4

32. Pigou's version of Cambridge equation is:

(A) M = KP/Y
(B) P= KR/M✔
(C) MV = PT
(D) MV = MI VI

64. Market does not clear is a proposition of:
(A) Neoclassical theory.
(B) Keynesian Economics✔
(C) Monetarism
(D) Rational expectations

65. The interest rate paid on bonds is known as:
(A) Call rate
(B) Coupon rate✔
(C) Repo rate
(D) Bank rate

66. The monetary policy is completely ineffective when the LM curve is:
(A) Vertical .
(B) Horizontal.✔
(C) Upward sloping
(D) Downward sloping

67. Monetarism is associated with:
(A) Keynesian school
(B) Chicago school✔
(C) Cambridge school.
(D) Neo-Classical school.

68. Changes in the subjective or objective factors
(A) Never affect consumption function
(B) Always cause downward shift in consumption function
(C) Always cause upward shift in consumption function
(D) They cause upward or downward shifts in consumption function✔

69. Saving is a function of
(A) Export
(B) Import
(C) Investment
(D) Income✔

70. Entrepreneurs will have no tendency to expand or contract output and employment when
(A) AD>AS
(B) AD<AS
(C) AD=AS✔
D) None of the above

71. The slope of the consumption function is called
(A) MPC✔
(B) MPS
(C) APC
(D) APS