

**PSG COLLEGE OF ARTS & SCIENCE**  
(AUTONOMOUS)  
BA DEGREE EXAMINATION MAY 2017  
(First Semester)

Branch- ECONOMICS

MACRO ECONOMICS

Time : Three-Hours

Maximum : 75 Marks

SECTION-A (20 Marks)

Answer ALL questions

ALL questions carry EQUAL marks (10 x 2 = 20)

- 1 What is stock?
- 2 What do you mean by value added method?
- 3 State the meaning of full employment.
- 4 What is aggregate demand function?
- 5~ What is consumption function?
- 6 Define average propensity to consume.
- 7 What is marginal efficiency of capital?
- 8 What is Accelerator? ,\*
- 9 What is general equilibrium?
- 10 •\* What do you mean by Recession?

SECTION - B (25 Marks!)

Answer ALL Questions

ALL Questions Carry EQUAL Marks (5 x 5 = 25)

- 11 a Differentiate between micro economics and macro economics.  
OR \*  
b Explain the various concepts of national income.
- 12 a State and explain the main propositions of Say's law of market.  
OR  
b Examine the application of Keynesian theory in developing countries.
- 13 a Briefly explain Absolute income hypothesis.  
; OR  
b Examine the relationship between saving and investment.
- 14 a Explain the concept of multiplier.  
• ; OR ,  
b Explain the various types of investment.
- 15 a Derive Is and LM curves. ' \*  
OR , ;  
b Briefly examine Keynes' theory of trade cycle.

SECTION - C (30 Marks)

Answer any THREE Questions

f ALL Questions Carry EQUAL Marks (3 x 10 = 30)

- 16 Examine the problems in the measurement of national income.
17. Discuss classical theory of employment.
- 18 Analyse the factors affecting consumption function.-
- ,19 ' Explain the interaction between multiplier and the accelerator in the theory of income determination.
- 20 What is trade cycle? What are the causes of it? .